Sustainability Report
2020

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Content

Creating Trust in Mobility

Veoneer, Inc. is a worldwide leader in automotive technology. Our purpose is to create trust in mobility. We design, manufacture and sell state-of-the-art software, hardware and systems for occupant protection, advanced driving assistance systems, and collaborative and automated driving to vehicle manufacturers globally. Headquartered in Stockholm, Sweden, Veoneer became an independent, publicly traded company in 2018, listed on the New York Stock Exchange and on the Nasdaq Stockholm.
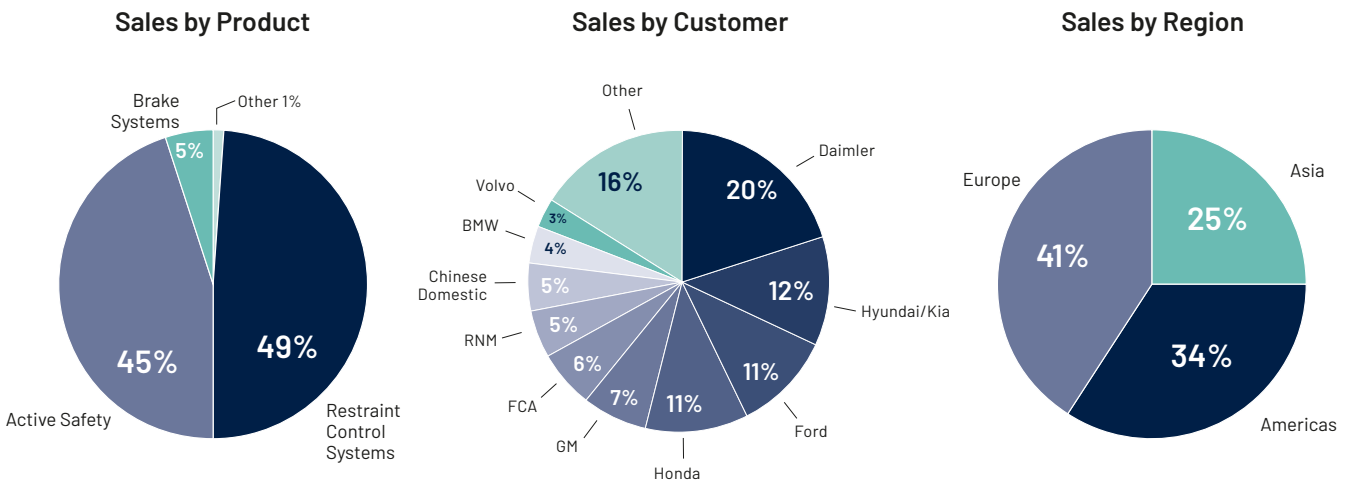

Canada
Markham

Germany
Unterschleissheim
Niederwerrn
Holzgerlingen
Kitzingen

Sweden
Stockholm
Vårgårda
Linköping
Göteborg
Skellefteå

Korea
Hwaseong-shi

Japan
Hiroshima
Yokohama

USA
Southfield, MI
Goleta, CA
Lowell, MA
Novi, Mi
San Jose, CA
Findlay, OH

France
Cergy-Pontoise
Saint-Etienne-du-Rouvray

Italy
Turin

Romania
Timisoara
Iasi

India
Bangalore

China
Shanghai
Changsha

● Production Plant
● Engineering Site

7,543
ASSOCIATES

11
COUNTRIES

6
MANUFACTURING SITES

22
TECHNICAL CENTERS

$1.37 Bn
NET SALES

Sales by Product

Brake Systems 5%
Other 1%
Restraint Control Systems 49%
Active Safety 45%

Sales by Customer

Other 16%
Daimler 20%
Hyundai/Kia 12%
Ford 11%
Honda 11%
GM 7%
FCA 6%
RNM 5%
Chinese Domestic 5%
BMW 4%
Volvo 3%

Sales by Region

Europe 41%
Asia 25%
Americas 34%

Committed to a Sustainable Future

The World Health Organization estimates that every year 1.4 million people are killed in traffic globally. We believe the solution to radically reduce these numbers are in preventive safety and Collaborative Driving, a step-by-step approach to autonomy. Collaborative driving blends all the best features of human drivers and machine intelligence for ADAS and driver monitoring into a sophisticated driving system, where the human driver is interacting with intelligent technology. In 2030, the majority of all cars sold will have this type of advanced safety software and hardware that provide collaborative interaction with the driver, bringing safety and convenience to consumers and society at large.

Being a central part of this development, which we believe has the potential to cut road fatalities in half over the next decade, is Veoneer's most important contribution to sustainability. In this way our everyday work directly supports UN's sustainable development goal number three: Saving Lives in Traffic.

As a young company, we continue to develop our sustainability program. Since its inception the program has had four clear focus areas: our people, our customers, our business partners and the environment. During 2020, we added climate as a specific focus area. We also initiated a sustainability forum with participants from all parts of Veoneer reporting into the executive management team that reports on sustainability matters to the Board of Directors, which have ultimate oversight of the program. Everything related to sustainability can be found in our dedicated Sustainability Report.

We believe that our approach, where sustainability is embedded in all parts of the organization, is the only way to make it real and produce meaningful results. Our goal is to improve day-by-day, month-by-month and year-by-year. We will refine the program, improve measurability and constantly review our focus areas to ensure that we are focusing where we can make a meaningful difference.

This report is a summary of our efforts to date and our direction for the future. We hope this will show our ambition, sincerity, and commitment to take our responsibility in creating a sustainable future.

Yours sincerely,

Jan Carlson
Chairman, President & CEO
Stockholm, Sweden
February 19, 2021

Sustainable Development Goals

Veoneer's primary goal among the UN Sustainable Development Goals is #3, Saving lives in traffic, however we acknowledge that the Sustainable Development Goals are indivisible. Veoneer is committed to research, invent, develop and manufacture products that enables not only reduced road traffic fatalities but better societal quality of life, health, and mobility. Our commitment is aligned with our purpose "Creating Trust in Mobility".

Veoneer brings significant value by innovating products and solutions to increase traffic safety. We strive to limit our environmental footprint along the entire value chain and we contribute to the local economy through our business operations, providing both direct and indirect employment, as well as paying taxes and custom duties. We strive to offer stimulating, safe and healthy work environment as well as competitive employment terms and other benefits.

At the UN Summit in September 2015, 17 global goals were adopted that will lead the world toward a sustainable and equitable future by 2030. We deem we can contribute the most to the following goals;

Integrated in Our Business

Sustainability and corporate responsibility are integrated in Veoneer's business, anchored by a passion for innovation and our purpose to create trust in mobility.

Veoneer has a strong commitment to customers and end-consumers, society, employee development, business partners, shareholders, and the environment.

The Veoneer Board of Director's Nominating and Corporate Governance Committee has the ultimate oversight for sustainability – governance, environmental, social and financial sustainability - the Executive Management Team has the responsibility over coordination and implementation, and the line and functional managers are ultimately responsible for program execution.

Veoneer's sustainability efforts are integrated in the regular business and is supported by a Sustainability Forum, chaired by Communications & IR, and with appointed people from several parts of the business. The Sustainability Forum meets quarterly to coordinate its efforts, ensure that Veoneer has the right sustainability targets and measure progress.

The Communications department are also focusing on sustainability communications and stakeholder engagement. Veoneer's sustainability performance is regularly reported to the Executive Management Team and annually to the Board of Directors.

More on Veoneer's governance can be found in the Proxy statement, available on our web site and filed under SEC.

Focusing on Mobility's
Toughest Challenges

Society faces several challenges, where traffic safety, congestion, pollution, and climate change are areas where the automotive industry has a responsibility to act. The automotive industry responds with electrification of vehicles, connectivity, autonomy, and shared mobility. Veoneer is right in the middle of an automotive industry that is changing faster than ever.

Collaborative driving blends the best of human drivers and machine intelligence for Advanced Driving Assistance Systems into a sophisticated driving system, where the human driver is interacting with intelligent technology. High performance driver state analysis is used to monitor levels of attention, distraction, drowsiness, engagement and impairment, with warning and intervention strategies developed using human factors and behavioral research to keep the human driver in the loop.

We Innovate Trust

Today, lack of trust is a major roadblock for adoption of currently available vehicle technology. Consumer surveys show that drivers often turn off safety features such as lane-keeping assist because they beep too often. At the other end of the spectrum, we know that some drivers can over-trust technology, resulting in severe crashes. Humans must trust automated systems to make the right decisions. In return, these systems must decipher a human driver's readiness to intervene, as well as respond to a range of driver skill levels and human emotions. When humans and machines collaborate seamlessly, that is when we successfully have innovated trust.

Democratize Safety

According to the World Health Organization, annually almost 1.4 million lives are lost and 50 million people are injured on roads globally, over half of which are pedestrians and vulnerable road users. Veoneer's products and solutions prevent traffic accidents and, when accidents are unavoidable, our restraint control systems help mitigate the effects of a crash. We create trust in mobility.

Improved safety can no longer be just an option. We democratize safety through a scalable architecture, where the same base technology platform can be used from basic driver assistance solutions up to fully autonomous driving on highways and in traffic jam situations. This approach helps lowering the R&D costs and means that increased safety becomes affordable for more people. In 2030, the vast majority of all cars sold will have advanced safety software and hardware that provide collaborative interaction with the driver.

Clean Air

The World Health Organization, WHO, estimates that 9 million people are killed by air pollution every year, and according to the European Environment Agency, EEA, air pollution is the biggest environmental health risk in Europe.

When vehicles are connected to each other, to the surroundings and to a traffic control tower, it leads to fewer accidents, less congestion and less air pollution. Geofencing, a virtual fence that controls vehicles' movements within a geographical area, is a smart solution that can be used for reducing access, speed or deciding what fuel can be used by vehicles in restricted areas.

The importance of connectivity and big data for safety and convenience was demonstrated on the streets of Las Vegas in January at CES 2020.

Research Project

Veoneer is part of Smart City Sweden's project in creating an action plan to make cities safer, while reducing air pollution and noise levels. In 2020, we finalized and demonstrated the CeViss research project, where we implemented and tested technology for using vehicle sensors to detect and collect data for specific traffic situations. Sensors in Veoneer's test vehicles were used to detect and identify objects along roads such as large animals, pedestrians and still-standing cars. Observations were sent in real-time to a control tower, analyzed and matched against other data to determine the risk level. Observations causing an imminent danger were then sent as warnings to approaching cars.

Climate Change

Veoneer acknowledges that air pollution and the rising levels of carbon dioxide and other greenhouse gases in the atmosphere are linked to the more extreme climate events noted lately, like heavy rainstorms and record high temperatures.

Impacts of a changed climate poses a risk to our operations. If extreme weather arises – floods, storms, fires or heavy rains, for example – it causes damage and disruptions in several ways: disruptions of transportation, it poses risks to our supply chain, to our own business and facilities as well as to our employees and their lives in the local societies.

Veoneer's strategy for reducing its environmental impact focuses on several areas along the value chain, from the development of our products and systems, to supply chain, own operations, the use-phase, and end-of-life.

In our continuous work with property loss prevention across the global manufacturing footprint, we take physical climate change risks into considerations by addressing known property risks and protecting our facilities against natural hazards. We have engaged subject matter expertise to help monitor the geographical areas where climate change has been shown conclusively to be increasing natural hazard risk. Extreme weather events caused by climate change could also impact our supply chain in a similar way.

Veoneer's purpose 'Creating Trust in Mobility' is built around Goal #3

Veoneer's contribution to sustainable transports is by making electronic safety systems to avoid crashes and congestion while improving urban air quality and health.
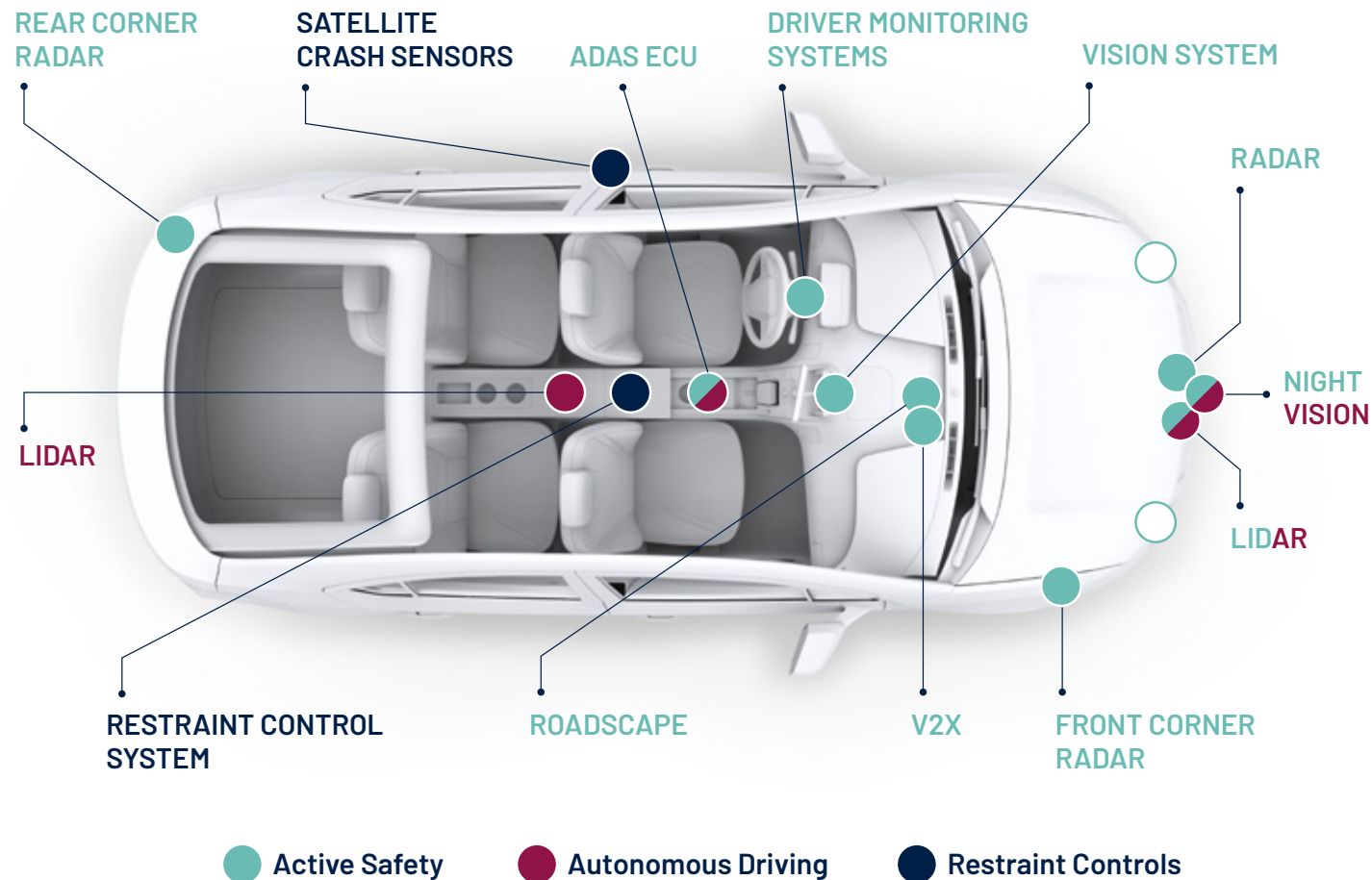
Impacts Along Our Value Chain

A value chain perspective on sustainability helps us identify how we best can manage our impacts to create maximal value.

This approach makes it easier to identify opportunities, minimize or enhance impacts, and understand boundaries. It also helps us understand how our actions and impacts are interrelated.

	Product and System Development	Sourcing	Manufacturing	Transportation	Customers	Consumer Use	End-of-Life
Our Impacts	Improved safety and convenience in traffic is our no 1 priority, while limiting our environmental footprint. Our decisions have impact on the production of vehicles that will leave the production lines 2–4 years later. RD&E expenses in 2020 totaled 407 MUSD.	Of our products 64.8% of cost is sourced material and our 20 most strategic suppliers represent some 80% of our purchasing spend. 18 of 20 suppliers are ISO 14001 certified.	With 7,500 associates in 11 countries, our impacts span across social, economic and environmental areas, globally and in the local community. Our decisions set the tone for action in the entire value chain. 5 of 6 manufacturing facilities are mainly doing assembly.	Veoneer has test vehicles that is driving around to capture traffic signs and demonstrate new features. Products are also transported from our suppliers to our manufacturing facilities and from our facilities to our customers.	Veoneer has regional tech centers, often close to our customers' facilities to serve them better.	When Veoneer's products and systems are integrated in our customers' vehicles, traffic safety is improved – and it is during this phase Veoneer has its greatest environmental impact.	Our long-term vision is to turn the end of our products' life into the beginning of a new cycle. This requires a framework that companies cannot achieve alone.
Risks	• Not meeting regulatory requirements • Not meeting customers requirements • Not meeting end-consumers/ drivers expectations • Not finding the right people	• Be connected to social, ethical and human rights violations • Interruptions in supply chain due to pandemic or severe weather conditions as a result of climate change • Business interruptions due to unethical business practices in supply chain • Corruption related to weak governance	• Disruptions as a result of bad quality • Interruptions in supply chaing due to pandemic or severe weather conditions as a result of climate change • Impact due to social, ethical and human rights violations • Corruption related to weak governance	• Emissions from transportation • Corona pandemic's impacts on transportation in societies that have been shut down, closed borders etc. • Severe weather conditions as a result of climate change	• Not meeting customer expectations on product safety • Corruption	• Not meeting end-consumers/ drivers expectations • Consumers not using our systems in an optimal way • Product safety • Cyber security • Limited opportunity to influence decision-making at the point-of-purchase	• Waste of resources due to lack of recycling
Our Approach	• Human-centric approach of innovation • Scalable architechture • Fulfill regulatory requirements • Fulfill customer expectations and requirements	• Sustainability audits • Apply a risk-based approach to identify suppliers in scope • Maintain high ethical business practices • Conflict minerals management	• Focus on high quality • Efficiency • Attract and retain the best talents • Ensure health, safety and wellbeing • Maintain high ethical business practices	• Enhance logistics efficiency • Optimize packaging • Use of artificial intelligence	• Work closely with customers to achieve the safest solution with limited environmental footprint	• Human-centric safety innovations that end-customers prefer to use • Continuously improve product and systems' safety performance and limit environmental impacts • Cyber security management	• Reduce scrap • High quality products • Follow End-of-life directive for the automotive industry • Follow customer and other legal requirements
The Difference We Make	Products and systems with leading safety performance deliver value to customers, consumers/drivers and society in line with the business strategy, with reduced negative environmental impacts.	Promoting universal norms supports human rights and raises environmental, labor and economic standards. This builds trust and help reduce business risk.	We benefit society by providing products and systems that save lives on the road. We benefit by creating jobs, knowledge transfer and economic opportunities. Positive employee relationships promote competence development, employee wellbeing and job satisfaction. Value is created for Veoneer by retaining talented employees.	With more usage of artificial intelligence, there is less need for test cars to drive around to capture traffic signs etc. The new generation products that are smaller than the earlier generation increase transport efficiency as there are more products per pallet.	High quality products and solutions strengthens the car manufacturers' brands.	Improved convenience and safety	Follow guidelines when developing products to support end-of-life.
Degree of Influence	●●●●●●○○○○ High	●●●●●○○○○○ Medium	●●●●●●○○○○ High	●●●○○○○○○○ Low	●●●●●●○○○○ Medium/High	●●●○○○○○○○ Low	●●●○○○○○○○ Low

Driving Towards a
Safer Future

Diagram labels

REAR CORNER
RADAR

SATELLITE
CRASH SENSORS

ADAS ECU

DRIVER MONITORING
SYSTEMS

VISION SYSTEM

RADAR

NIGHT
VISION

LIDAR

LIDAR

RESTRAINT CONTROL
SYSTEM

ROADSCAPE

V2X

FRONT CORNER
RADAR

● Active Safety   ● Autonomous Driving   ● Restraint Controls

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Veoneer's sensors and software solutions prevent traffic accidents and, when accidents are unavoidable, our restraint control systems help mitigate the effects of a crash.

We are focused on developing human-centric innovations the end-consumers want to use, enabling us to deliver solutions that bring safety and convenience to consumers and society at large.

Staying at the fore-front of technology is a pre-requisite for supporting vehicle manufacturers in launching the safest possible vehicles and fulfilling future regulatory requirements. Artificial intelligence and deep learning has become a natural part of the development process, which also give environmental benefits. During the year, Veoneer introduced new generations of virtually all its main technologies, and we entered the year 2021 with a

strengthened product portfolio in terms of offering safer solution with, in many cases a smaller environmental footprint.

While certain customer launches have been delayed this year, our deliveries of new technologies to multiple new vehicle platforms have progressed well. We have launched a full software stack for drive policy, the 4th generation mono-vision camera system, which includes state-of-the-art in-house developed software algorithms, 4th generation stereo vision, next generation 77GHz radar product, including two launches of forward looking radar, driver monitoring system, restraint control systems, the 4th generation thermal sensing as well as our all-new map and localization module Road Scape.

Veoneer combines a worldwide research, design and manufacturing footprint with a regional set-up of engineers in order to serve our customers better by allowing us to adapt to the regional design variations the car manufacturers require.

Over the last decade, we have delivered 8.2 million cameras and more than 42 million radars. We have built electric control units and crash sensors for more than a decade and have now delivered close to 890 million to car manufacturers globally**.

The general lead time to develop an order before it goes into production is between two to four years.

Our Products' Environmental Impact

When our products and systems are integrated in vehicles, we benefit the society by saving lives and reducing the number of serious injuries. However, it is also during this use-phase Veoneer has its greatest environmental impact. It is difficult to measure Veoneer products' total environmental impact as it depends on several factors, such as size, model and the models' need for cooling, customers' need of Veoneer sensors in the vehicle model, software architecture, the vehicle model and its fuel economy, the number of kilometers driven per year as well as the vehicle's fuel. The environmental benefits of plug-in hybrids and electric vehicles increase if they are powered by electricity from 'green' sources such as solar, wind or small-scale hydroelectricity. According to the International Energy Agency, IEA 2020, the number of electrical vehicles globally are expected to grow by 36% annually, reaching 245 million vehicles in 2030, more than 30 times above today's level. Veoneer is proud to be part, offering safety solutions that fit full-electric cars.

Smarter and lighter products with limited need for cooling are some of the aspects to consider when innovating electronic safety products and systems to keep energy consumption and carbon emissions for each car model as low as possible. Veoneer's engineers work closely with automotive manufacturers to optimize architecture, weight and performance aiming at keeping energy consumption and carbon emissions for each car model as low as possible.

During 2020, Veoneer entered a research project for developing a compact cooling system for the high capacity processors needed in the autonomous vehicle market. The objective is to secure a 3-5 times longer component life by applying more efficient cooling and thereby reducing the chip temperature.

*** as Veoneer and as part of Autoliv*

Continuous Improvements

When designing products and systems, we strive for increased safety and less environmental impact during the entire life-cycle.

We are committed to take part in enabling a carbon-free automotive future by inventing and implementing technologies supporting usage of recyclable hardware with less components, less weight and less power consumption while in use, reusage of data and energy efficient, scalable software architectures. Less weight and smaller housing can have positive impact on the vehicles fuel consumption and with more sensors per pallet, carbon emissions in transportation to customers are also lower.

During 2020, we launched a number of new products with enhanced features and smaller environmental footprint;

77 GHz Radar, generation 1.2
The super-pulse modulation technique is used for enhanced perception and improved performance. The range has, compared to the previous generation, improved by 50% in the rear corners to detect motorcycles and improved over 100% in the front corners for object detection.

Environmental improvements: 45% fewer components, 40% less weight, 30% smaller housing.
Start of production: End of 2019

Mono Vision, generation 4
Compared to the previous generation, the monovision camera offers a broader field of view, 100 degree with 1.7 megapixel resolution. The system is comprised of fully integrated hardware and algorithms using deep learning technologies that identify objects such as cars, road markings or road signs. The processor can trigger alarms, show graphical information to the driver, and automatically brake the car.

Environmental improvements: Fewer components, 30% weight reduction, 22% smaller, and a 3% scrap reduction.
Start of production: 2020

Thermal Sensing, Night Vision generation 4
A wider field-of-view thermal camera with four times the resolution of previous generation, improving detection capabilities and displaying a higher definition image.

Environmental improvement: 50% smaller and 50% weight reduction.
Start of production: End of 2020

Quality in Everything We Do

Veoneer's core strategy is to deliver innovative solutions that car manufacturers and drivers can trust with their lives if necessary.

Veoneer continues to build on its track record of delivering high quality products to car manufacturers globally. Veoneer and its employees deliver products and services at a world class quality performance level to satisfy stakeholder requirements for timeliness, in the correct quantity, and to the correct destination.

Excellence in quality is critical for winning new orders, preventing recalls and maintaining low scrap rates. Priority focus is placed on preventing quality defects from impacting Veoneer's customers as well as the end-consumer.

Veoneer's purpose is Creating Trust in Mobility. To achieve this goal, it is mandatory to verify at each step of the product lifecycle, from the planning phase, product and process development to handover to serial production, that the Veoneer and industry standards are followed and that the quality of deliverables is at the expected level.

High quality is part of the culture and Veoneer employees behavior. Our quality culture is demonstrated by daily efforts throughout the organization as our people are passionate about continuous improvement activities leading to zero defects. Flawless delivery is the responsibility and commitment of all our employees.

Continuous Proactive Work

Quality is a core pillar of the Veoneer product development system. The Quality team is embedded into the project teams to ensure flawless delivery for each of the milestones along the development journey of Veoneer products. The Veoneer Product Development System (VPDS) is implemented throughout the entire organization as a fundamental system to manage product developments, used for customer application projects, advanced development projects (Pre-VPDS) and product serial life. All Veoneer entities involved shall implement quality assurance.

A specific focus has been put on software development for which compliance to industry standards such as Automotive SPICE is assessed. This quality assurance work is extended to cover all aspects of the product development process. As an outcome, every month a quality dashboard is shared with senior management to visualize the level of compliance of projects to the development process as well as the quality of the delivered work products. Non compliances are measured and the month over month trend is monitored.

Internal work product audits and checkpoint audits, are conducted to assess the quality of a project. Lessons learned and best practices collected during the development shall be documented and presented.

Veoneer's cross-company 1V1P program, launched in 2019, focuses on process standardization while reducing costs and complexity. The program made significant steps during the year.

Quality Assessment

All Veoneer facilities (manufacturing plants, technical centers, and logistics centers) record their performance against key quality targets. A key metric in this assessment is the number of Non-Conforming Events recorded for serial production (NCE-S), prototype delivery (NCE-P) and logistics management. Veoneer has strict targets and results are reviewed by senior managers monthly. Launching several new technologies, has unfortunately often a negative impact on the number of non-conforming events. Through lessons learned we can take advantage of experiences to make a difference in future projects and help them succeed.

Standards

A Veoneer Standard defines our common requirements, the best technical applications, gathered wisdom and beneficial practices to achieve the best application of processes throughout all the Veoneer facilities. A Veoneer Standard is the highest level and stored in the Veoneer Corporate Standards Database. These requirements shall be applied by all facilities. Some Veoneer Standards are made available to our suppliers via the Veoneer Supplier Manual (VSM). A local procedure, usually more detailed and applicable for a specific facility, can complement a standard.

Veoneer's quality management system is audited internally, and 3rd party certified to IATF16949: 2016. Veoneer Product Development System are based on existing quality system standards, in particular example APQP, ISO26262, Automotive SPICE, customer requirements, industry best practices as well as Veoneer Standards. Each site conducts periodic management reviews per the automotive IATF16949:2016 standard to ensure suitability, adequacy, effectiveness and consistency of Veoneer's Quality Management System.

The Quality Chain

1 Robust Product Development
– The Veoneer Product Development System (VPDS) is implemented throughout the entire organization as a fundamental system to manage product developments

2 Strong Supply Chain Management
– Working closely with suppliers is a prerequisite for robust components and avoiding non-conforming components to enter our production lines. Suppliers undergo a strict qualification process followed by meeting minimum industry requirements such as PPAP, and ongoing monitoring and regular audits.

3 Striving for Flawless Production
– Strict design rules and MPS (Manufacturing Process Specifications) define Global Standardization of equipment, methods and processes to achieve flawless launch of product into production.

4 Traceability
– Unique product serialization allows for complete traceability for supplier components via lot codes, and manufacturing processes that includes; where it was made; with which process; how it was made (process information); and how many were made from a specific lot code.

Quality Policy

Veoneer and its employees shall deliver products and services;

- of a quality which represents world class performance,
- that satisfies all stakeholder requirements,
- on time, in the correct quantity and to the correct destination.

That, through continual improvements leads towards zero defects during the life of the product and improvement of the quality management system.

This perspective of total quality management is the responsibility and commitment of all employees.

We Proudly Present...

Polestar 2   Veoneer is proud supplier of
- Monovision
- 77 GHz radar
- ADAS control unit
- Software

Subaru Levorg   Veoneer is proud supplier of
- Stereo vision system
- 77 GHz radar

Mercedes S-Class   Veoneer is proud supplier of
- Stereo vision
- 77 GHz radar
- ADAS software

Volvo XC40 electric   Veoneer is proud supplier of
- Monovision
- 77 GHz radar
- ADAS control unit
- Software

Cadillac Escalade   Veoneer is proud supplier of
- Night Vision thermal sensing
- High Definition Map and Localization Module
- Restraint Control System

Technology Proof-points

Euro NCAP's safety rating system help consumers compare vehicles and identify the safest choice for their needs. The safety rating is determined from a series of vehicle tests, designed and carried out by Euro NCAP.

Veoneer's pioneering work with camera-based vision systems gives the driver an additional pair of eyes, scanning the vehicle's surroundings for danger. Our vision sensors analyze and interpret the street scene even in complex scenarios. Veoneer develops advanced algorithms in-house that power our world-class mono, stereo and thermal sensing systems, enabling our customers to achieve 5-star safety ratings.

The selection by EuroNCAP of the **Mercedes GLE** as the best vehicle in its **2020 test for assisted driving**, where most of the active safety content comes from Veoneer, is another recent important technology proof-point.

During 2020, Euro NCAP tested 11 car models. Veoneer is proud to be the main contributor to safety as six of these vehicles have Veoneer's top performing Restraint Control Systems (RCS).

Seat Leon, the full-electric **Mazda MX-30**, the full-electric **VW ID.3**, **Landrover Defender** and **KIA Sorento** all got 5 stars in the safety ratings.

VW ID.3
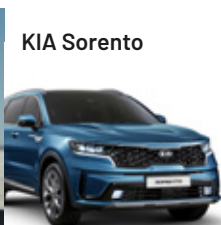
KIA Sorento

Mazda MX-30

Seat Leon
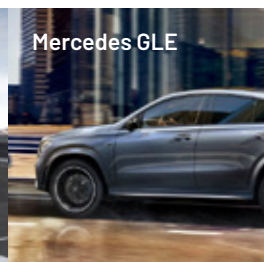
Mercedes GLE

Landrover Defender

Cyber Security

At Veoneer, we take product security and the increased cyber security risk seriously as it is of utmost importance that our customers can trust software in our products and systems.

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Veoneer has taken a proactive approach to cyber security, meaning that cyber security is taken into account right from day one in product development. Veoneer has developed and patented a blockchain-based technology to ensure software integrity. Encryption of software on delivered ECUs has now become mandatory.

Veoneer is committed to implement a Cyber Security Management System and Software Update Management System by the end of 2021, one year ahead of UNECE regulation, that will start in 2022 for type approval.

A constant monitoring of vulnerabilities is a key aspect in the new regulation UNECE WP.29 CS & OTA and in standards like the upcoming ISO/SEA 21434. Veoneer has established a dedicated Product Security Incident Response Team (PSIRT) which is operational.

To protect the company's intellectual property, as well as customer or supplier data, Veoneer has invested in strong cyber security protection and monitoring mechanisms. A dedicated team of internal and external experts are monitoring Veoneer's network to increase data and privacy protection, and find anomalies employing advanced machine learning capabilities. There is no 100% guarantee of cyber security, but the team is constantly increasing its knowledge and investing in new technologies. All employees and contractors are continually informed with monthly security trainings.

Product Life Cycle

Risks examples

Research / Development / Engineering
- Customer data/ requirements compromised
- Veoneer IP (e.g. Algorithm) compromised
- Test data compromised

Manufacturing
- Final software for products compromised
- Limited mapping between software and product could lead to missing detection of vulnerabilities

In-Car
- Compromising and manipulation of control units
- Data leakage
- Missing patch management could lead to vulnerabilities

Health and Safety is Our First Priority

Health and safety is our first priority and Veoneer's overall goal is to offer a safe, healthy and attractive workplace where people can grow.

Health and Wellbeing

At Veoneer, we genuinely care for one another's safety and well-being. We recognize the connection between a safe and healthy workplace and the sustainable success of our company. We believe in healthy work-life balance, emphasizing employee engagement, working together, and having clear expectations.

We have implemented a comprehensive Health and Safety Management System which engages all employees and it guides us in our everyday actions. We require and empower our people to work in compliance with applicable laws, Veoneer standards, and our Code of Ethics. During the year, both incident rate and severity rate, measured per 200,000 employee hours of exposure, declined. The incident rate declined from 1.81 to 1.29 and the severity rate, declined from 22.8 to 8.01. When incidents and severities occur, we analyze the root cause, learn from our mistakes and use best practices.

During the Corona pandemic, local and global crisis management teams have monitored the situation closely and put measures in place. Veoneer's focus in the Corona outbreak has been to reduce risks and ensure the virus is not spread among our employee population, to our customers or other external stakeholders. This includes protective health measures, travel restrictions, digital meetings instead of physical and a work from home policy when and where circumstances allow. When working from home Is not possible, extensive pandemic protocols are being followed in each location including deep cleansing protocols, social distancing and protective personal protective equipment measures for employees.

During the year, local pulse surveys have been conducted in several locations, and overall results show that our employees feel that their manager cares about their well-being. Thanks to digital technology and a dedicated IT team, as many as 4,100 associates have been working from home for a longer or shorter timeperiod. The majority found it easy to work from home. Problems that occurred have been a mix of lack of digital tools and some difficulties to work focused, sometimes with the entire family at home. Many responded that their own efficency was equal or better than before and that their worklife balance had been improved, regardless of location and if manager or employee.

Grow Skilled and Engaged People

Veoneer offers a positive working environment with challenging projects at the forefront of technologies, often in close collaboration with our customers, the automotive manufacturers. Veoneer delivers value to our employees by creating an attractive workplace, providing opportunities for growth and enabling the teams to focus on their priorities. Our empowered organization means we are flat and networked, enabling clear ownership and accountability while staying flexible. Veoneer has some of the strongest leaders and experts in the autotech industry and knowledge is regularly shared, creating a learning organization and a culture of collaboration and inclusion.

Our Onboarding process is crucial for creating efficiency and we regularly run onboarding surveys in all our locations. When looking at survey results, we see an overall satisfaction of 3.85 on a scale from 1 to 5 and also, relatively small improvements topics especially in the area of providing job specific trainings.

Our future growth is closely related to how we succeed in being a good employer that is, how good we are in attracting, developing, and keeping qualified and motivated people. An important cornerstone of each employee's growth is the ongoing personal, transparent communication between the team member and the manager. These dialogues are summarized in the annual performance and development process. Employee's own professional and personal development plan is a central part in this process, continuously backed up by regular feedback and dialogue on employee performance. In 2020, we had a 98.5% dialog completion rate.

Veoneer's Engineering Career Progression Program is one of the most important instruments to recognize and grow our engineering experts. The program allows outstanding engineers to have the same career progression in terms of title and rewards parallel to the Management Career Path. In addition, we are in the final stage of developing Veoneer's Career Progression Program for Project Management.

Employees desire to grow and take on new responsibilites is of vital importance for us. Our internal job market enables employees to develop as individuals and professionals. To further support this we are working on clarifying Veoneer career paths to offer structured development opportunities. We expect our employees take responsibility for their own career development, supported by managers and existing career development possibilities within Veoneer.

A Fair Employer

Veoneer is committed to fair employment terms and conditions in accordance with applicable laws. Our values, Code of Ethics, talent development strategies and employment policies support the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the eight conventions in ILO's International labor standards; freedom of association and protection of the right to organize, right to organize and collective bargaining, abolition of forced labor, minimum age, worst forms of child labor, equal remuneration, and discrimination.

We promote a workplace free of discrimination and harassment due to individual characteristics such as gender, age, physical, psychological, religious, disability, sexual orientation or ethnic origin and physical, psychological, religious, sexual or verbal harassment is not accepted. To deliver results, people need to feel they can be who they are and that they are recognized for their unique strengths. Inclusion is fundamental to our culture and we believe that everyone should be respected and treated fairly.

As outlined in the Code of Ethics, all employees are free to exercise the right to form, join or refrain from joining unions or similar organizations, as well as to bargain collectively or individually. In countries where no independent labor unions or collective bargain agreements exist, forums for employer-employee relations have been established, such as work councils, consultations and environment and safety committees

Wages and Benefits

At Veoneer, we value our people and want to provide benefits to support our associates and their families, both now and in the future. We work hard to make sure our benefits package is comprehensive and competitive on each location. Work-life balance is of importance to us and working hours is one of the areas we are monitoring closely.

During 2020, the Safety Committee at our tech center in China, has focused on continuous improvements of the R&D laboratory, workshops and warehouses in order to provide a safe and convenient working environment.

One example: Daily, the relatively large radar calibration tools stored in the warehouse were moved daily, causing the engineers troubles and lowering efficiency. A layout adjustment of the workshop, with an area storing calibration tools in the calibration station, not only improved the utilization rate, but also reduced the wear and tear.

Before:

After:

Manufacturing Facilities						Technical Centers										
Manufacturing Facility	Canada Markham	China Shanghai	France Saint-Etienne du Rouvray	Sweden Vårgårda	US Goleta, CA, Findlay, OH	**Tech Center**	China Shanghai, Changsha	France Cergy-Pontoise	Germany Unterschleissheim, Kitzingen, Niederwerrn, Holzgerlingen	India Bangalore	Italy Turin	Japan Hiroshima, Yokohama	South Korea Hwaseong-shi	Romania Timisoara, Iasi	Sweden Göteborg, Skellefteå, Linköping, Stockholm	US Novi, MI, Southfield MI, Lowell MA, Goleta CA
Items Produced	Airbag electronics, radar sensors	Airbag electronics, radar sensors, vision sensors	Airbag electronics, ADAS ECUs, seatbelt electronics, thermal sensing	Vision sensors, radar sensors, thermal sensing	Thermal sensing and brake control systems	**Products Supported**	ADAS and Collaborative Driving Software, customer applications and platform development with full-scale test laboratory	Customer applications and platform development with full-scale test laboratory	ADAS and Collaborative Driving Software, customer applications and platform development with full-scale test laboratory	Customer applications and platform development	Customer applications	Customer applications and platform development	Customer applications	ADAS and Collaborative Driving Software, customer applications and platform development	ADAS and Collaborative Driving Software, customer applications, platform development	ADAS and Collaborative Driving software, customer application and platform development
No. of Associates	682	668	443	753	131	**No. of Associates**	442	177	466	878	14	292	131	729	845	839

Sales and administration associates included.

Diversity

At Veoneer, we believe diversity and inclusion drives business performance and innovation. It stretches beyond gender and all our employees are to be treated equally. It is important that we reflect the societies we work in to develop an open-minded culture and not become too narrow focused. By having this mindset, we strive to be attractive to a larger population and that is of importance as we look for a scarce resource who holds the knowledge we look for. In our plan forward we are reviewing our unconscious biasedness to better prepare advertising for jobs to not exclude females as that is the underrepresented gender especially in engineering. This is a first step to be followed by increased education on what diversity and inclusion is about to create increased awareness. And simultaneously we will focus on the succession planning to push for a good distribution in our talent pool.

Veoneer has operations in 11 countries and our workforce reflects the diversity of the countries and cultures in which we operate. Approximately 33% (40) of our workforce is located in Asia, 21% (21) in the Americas and 46% (39) in Europe. In terms of gender, the share of females across our company is 28% (27), 15% (14) percent at senior levels (tiers 1–3) and 12.5% at Board level.

Workforce

- Americas **25%**
- Asia **31%**
- Europe **44%**
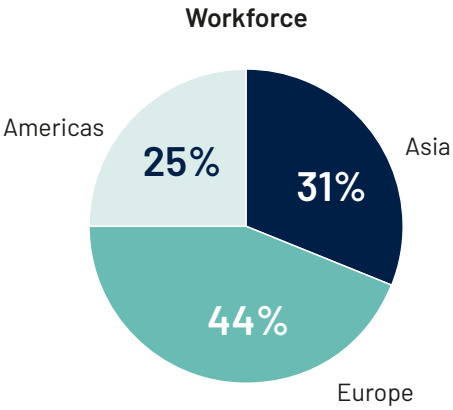
Changes in Our Organization

Veoneer has presence in 11 (13 countries and head office in located in Stockholm, Sweden. As of December 31, 2020, Veoneer had a total of approximately 7,543 total associates (8,874 in 2019) with 4,476 engineering, 1,452 in direct manufacturing and the remaining 1,359 in production and SG&A overhead functions. Included in these figures are approximately 1,293 temporary associates.

The automotive industry is in the middle of a transformation. New technologies and upcoming players are challenging current business models and Veoneer is continually changing as there is a need to adapt its strategic focus. During the year, Veoneer divested its brake systems joint-venture VNBS in two steps, Veoneer and Volvo Cars decided to split their software joint venture Zenuity and during fall, Veoneer and Qualcomm announced their intent to collaborate on the delivery of scalable ADAS, Collaborative and Autonomous Driving solutions. These changes means that the company is turning even more into a software company. Close to 4,500 (4,900) people were working within RD&E. Voluntary turnover for direct labor was 10.8% (8.7) and for indirect labor 8.6% (8.3).

Our Beliefs:

Bold Honesty.
Burning Curosity.
Passion for Excellence

Key Performance Indicator	Target	2020	2019
No of Associates at Year-end	–	7,543	8,874
Incident rate measured as number of reportable injuries per 200,000 employee hours of exposure	2.0	1.29	1.81
Severity rate measured as total days away from work due to a work-related reportable injury and/or illness per 200,000 employee hours of exposure	Below 20.0	8.01	22.8
Annual Performance Dialog	100%	98.5%	98.5%
Voluntary Turnover; Indirect labor	7.5%	8.6	8.3
Voluntary Turnover; Direct labor	10.2%	10.8	8.7

Fabric Masks

At Veoneer, safety is our #1 priority, both for the end-consumers and for our own people.
When the Corona pandemic started spreading, people have been required to wear face masks at many locations. To help reduce strain on the supply of medical grade masks, a team in the manufacturing facility in Markham, Canada, started making own fabric masks.

Within a few days, the team was able to analyze a multitude of available patterns and commenced production of an optimized version, designed and tested in-house. The 2-layer, tight-weave cotton masks even come in Veoneer green.

Responsible Sourcing

Veoneer has a strong commitment doing business in a socially, ethically and environmentally responsible way and we expect the same standards along the entire value chain.

Legal compliance forms the basis for everything we do, accompanied with our Supplier Code of Ethics. We are fully committed in all business locations to ensure compliance with applicable human rights laws, including those relating to child labor, slavery and human trafficking, and we require our suppliers, direct and indirect, to comply with our Supplier Code of Conduct, published on veoneer.com in multiple languages.

Veoneer's Partner Portal (VPP) is a secure entry point for third-party suppliers and potential partners to access Veoneer web-based applications and shared documents as well as to enable self-service administration of supplier master data. The VPP hosts the Veoneer Supplier Manual, renewed in 2019, comprising information on Veoneer requirements, reference to Supplier Code of Ethics and a training program in business conduct and ethics for suppliers.

Assuring Quality

Veoneer develops software and systems and assemble hardware. 64,8% of our product cost is purchased materials. Generally, we try to work with suppliers in the region in which our products are manufactured to minimize transportation, currency risks and other costs. Being a global supplier to the world's automotive industry, it is essential that Veoneer and its entire supply chain offer products that are developed, assembled and manufactured with controlled processes to assure highest quality. In order for us to offer the highest quality, it is equally important that our suppliers' business and manufacturing processes continuously deliver products and services with the same high level of quality.

We have close relations to our suppliers and business partners and we strive for long-term relationships. Veoneer's top 20 suppliers account for about 80% of purchased goods and 18 of our 20 top suppliers are ISO 14001 certified. We expect our suppliers to apply with all applicable environmental laws and regulations and promptly develop and implement plans or programs to correct any non-compliant practices. For a full environmental commitment, our suppliers should implement an Environmental Management System, preferably based on ISO 14001 and to be certified.

Audits

Supplier evaluations are critical for minimizing risks related to the supply chain and are integrated into our sourcing organizations' main processes. Suppliers are impartially evaluated on parameters including price, quality and reliability as well as key environmental, social and ethical concerns such as safety, health, the environment, business ethics and human rights.

Prior to enrolling new suppliers, pre-qualification audits are made to assess and release potential new suppliers or new supplier locations. Evaluations of potential new suppliers or new supplier locations and current suppliers are primarily conducted by audits and self-assessment tools.

We expect the same standards along the value chain and the Social Responsibilities Audits assess that suppliers comply with and commit to upholding the same social, ethical, and environmental principles as Veoneer does. For new suppliers, or new supplier locations, the social responsibility audit is mandatory to perform as a part of the pre-qualification process.
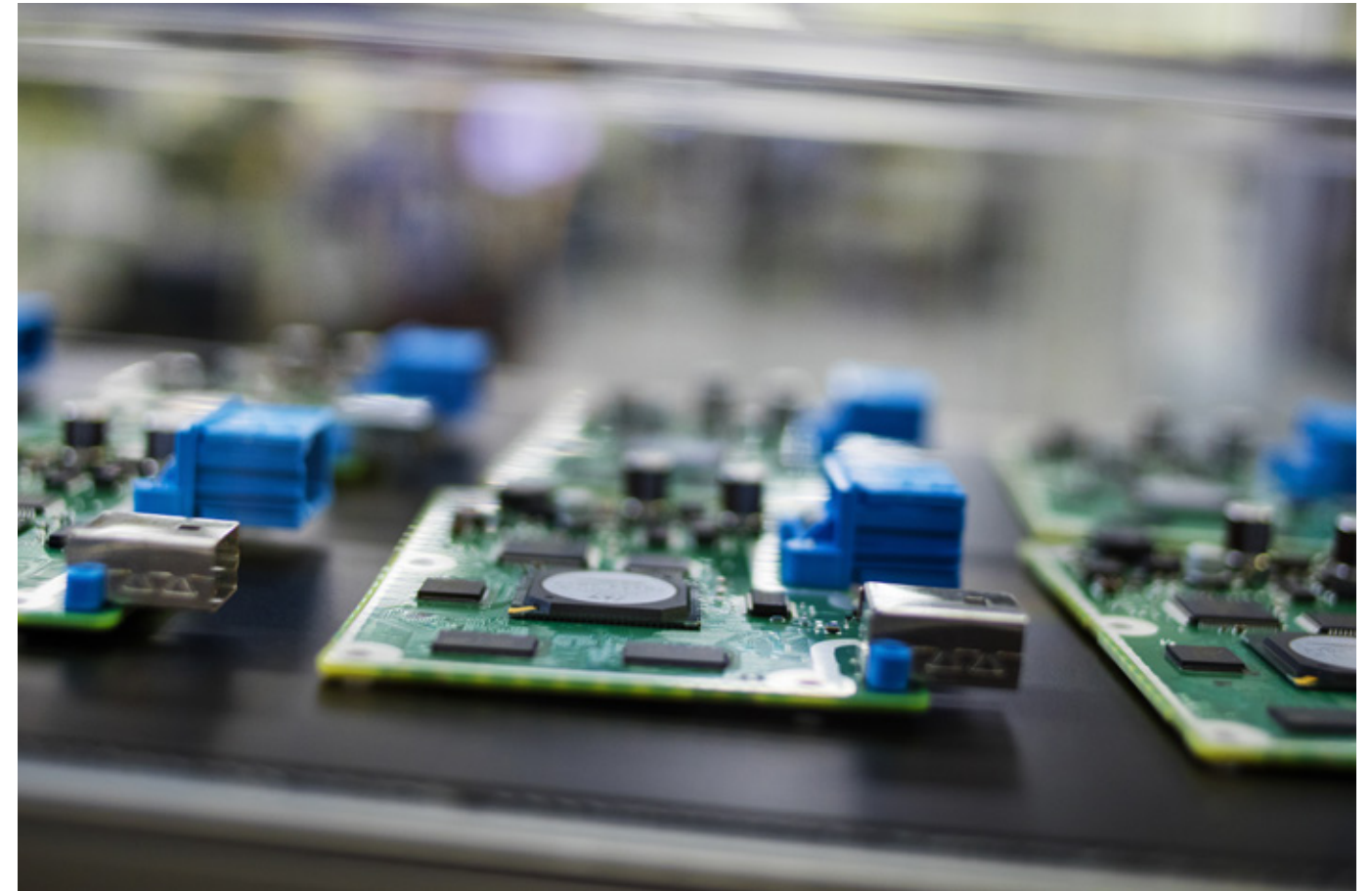
The conformance rate for suppliers' compliance with human rights policies in 2020 was 100% with 30 Social Responsibilities Audits performed.

Project Management Audits assess supplier's ability on project management, product and process development/validation including prototype, personnel capabilities and resources, advance quality planning. Process Audits are used to verify the application and effectiveness of supplier's quality-, manufacturing- and management systems to support Veoneer's zero defect strategy.

Current suppliers are audited according to a three-year rolling plan. Due to the Corona pandemic, 53 direct materials suppliers (30 in 2019) were audited during 2020, which was less than originally planned.

An audit cycle starts with the initial audit and may be followed by one or more follow-up audits. It ends when the audit result meets the requirements defined in the standard. In the event of a major non-compliance that would result in a probable shipment of a non-conforming product, the auditor must ensure that the supplier implement containment actions immediately. Containment shall stay in the process until corrective actions are implemented and verified.

Veoneer's requirements are based on customer requirements and current quality system standards, in particular International Standard Series ISO 9001, IATF 16949, ISO 14001, VDA 6.3 Process Audit as well as on requirements in the Veoneer Standards and Veoneer Supplier Manual (VSM).

- Pre-qualification Audits
- Social Responsibilities Audits
- Project Management Audits
- Process Audits
- ISO 14001 Certifications

Materials Management

Automotive product development includes continuous improvements in quality, safety, and the reduction of environmental impact throughout the vehicle life cycle. During the year, Veoneer updated its Substance use restictions standard.

Chemicals and chemical preparations used in the manufacturing processes shall meet all applicable national and international legal requirements with regards to restrictions on the use, transportation and disposition of hazardous substances.

In addition, suppliers shall use industry best practices to ensure that raw materials and chemicals used during manufacture do not contain toxic or radioactive contamination that would constitute a health hazard.

Veoneer's suppliers are requested to follow the Global Automotive Declarable Substance List (GADSL), defined by worldwide legal requirements such as ELV, EU REACH and more, other legal requirements as well as other Veoneer specific requirements defined by the OEMs.

Conflict Minerals

Veoneer's Policy on Conflict Minerals provides further clarification to the principles of the Standards of Business Conduct and Ethics regarding the illegal trade of natural resources, in particular certain minerals, known as "conflict minerals". Pursuant to SEC rules, conflict minerals include certain minerals that originated in the Democratic Republic of Congo or an adjoining country and are sold to benefit groups financing armed conflicts in those regions. Veoneer complies with the US Dodd-Frank Act Section 1502, regarding conflict materials. We have incorporated the principles of this policy into the requirements of our contractually binding Supplier Manual and we work with our suppliers to increase transparency in the supply chain.

Veoneer supports industry initiatives, such as the Conflict Free Smelter Program (CFS), to validate that the metals used in our products are not contributing to conflict and come from sustainable sources. We maintain a database of material composition information for all our products which allows us to identify suppliers that use tin, tantalum, tungsten and/or gold in their products. Material composition data along with information gathered from suppliers, industry initiatives (e.g. Conflict Free Smelter program), and other available sources are used to assess risks of non-compliance to this policy. A third party due diligence of used melters is part of our program.

Veoneer has implemented a Conflict Minerals policy that prohibits human rights abuses associated with the extraction, transport or trade of minerals. We also prohibit any direct or indirect support to non-state armed groups or security forces that illegally control or tax mine sites, transport routes, trade points or any upstream actors in the supply chain. We require the parties in our supply chain to agree to follow the same principles and we are working with our supply chain to improve traceability of minerals and ensure responsible sourcing.

Annually, Veoneer publishes a report on its conflict minerals process on the website. The response rate to the 2020 direct material supplier conflict minerals survey was 100% (100 in 2019). The 2020 Conflict Minerals Report will be published on the web site in May 2020.

Limiting Our
Environmental Footprint

Climate change and resource scarcity are global megatrends that drive significant environmental, social, political and economic changes, posing both risks and opportunities for business. Our ambition is to reduce our carbon footprint and increase resource efficiency.

Key Performance Indicator	Target	2020	2019
Environmental Management System	100% of our manufacturing facilities are ISO 14001 certified	100%	90%
CO₂e GHG emissions in metric tons	Reduce carbon emissions by 15% from own facilities, comparable units, scope 1 and 2, by year 2025 (base year 2020)	22,981[1]	28,295[2]
Significant spills and fines	No significant spills and fines	0	0

1) Includes manufacturing facilities, tech centers and administration
2) Includes manufacturing facilities at the time, excluding tech centers and administration.

Veoneer's operation spans 11 countries (13). We have 6 manufacturing facilities, of which 5 are focused on assembly and 1 is manufacturing brake control systems, and 22 tech centers.

During 2020, Veoneer turned more into a software company; the majority of the brake systems joint-venture VNBS was divested, the software joint venture Zenuity was dissolved and subsequently, some employees were transferred to Veoneer. During fall, Veoneer and Qualcomm announced their intent to collaborate on the delivery of scalable ADAS, Collaborative and Autonomous Driving solutions. The final agreement was signed in January 2021 and the software entity and brand Arriver™ was created.

Environmental Policy

Committed to operate its business in a sustainable manner, Veoneer follows the precautionary principle.

In the environmental policy, Veoneer puts extra focus on the challenge of climate change and reducing greenhouse gas emissions.

- When **designing products and systems,** we strive for increased safety and less environmental impact during the entire life-cycle. We are committed to take part in enabling a carbon-free automotive future by inventing and implementing technologies supporting usage of recyclable hardware with less components, less weight and power consumption while in use, reusage of data and energy efficient, scalable software architectures.

- We **use resources sustainably**, we optimize the use of energy and limit the exploitation of resources such as land, water, material and chemicals.

- Veoneer **apply clean production processes** including waste minimization, substitution of hazardous substances, responsible chemicals management and reduction of emissions into land, air and water, as well as noise.

- Veoneer **fulfil compliance obligations and customer requirements** and strives to apply best practices in products and processes to protect the environment.

- Veoneer **involves its business partners** – from supply chain to vehicle manufacturers - and expect them to follow the same high standards.

- Veoneer **prioritize transportation with less environmental impact;** own vehicle fleet, business travels as well as logistics.

Environmental Management System

Veoneer's Environmental Management System (EMS) emphasizes continuous improvement and learning and establishes the requirements for a standardized global approach to environmental management, including identification of material environmental aspects, objective setting, competence development and performance follow-up. It also establishes a standardized reporting of energy, water, waste and compliance-related topics, including spills and fines. The EMS applies to all our manufacturing sites.

All Veoneer's manufacturing facilities, 100%, are externally ISO 14001 certified (90% in 2019).

Environmental Performance

Energy

The total annual energy use of our facilities in 2020 was 83 GWh (74 in 2019). Direct energy totaled 13 (13) GWh and indirect energy totaled 70 (61). During the year, Veoneer's organizational boundary expanded to not only cover manufacturing facilities, but also the 22 tech centers.

Of the total energy use, 84% was purchased electricity as 100% of the indirect energy (scope 2), was purchased electricity; direct energy natural gas, diesel and gasoline. Natural gas in the main fuel source used for heating, cooling and power production.
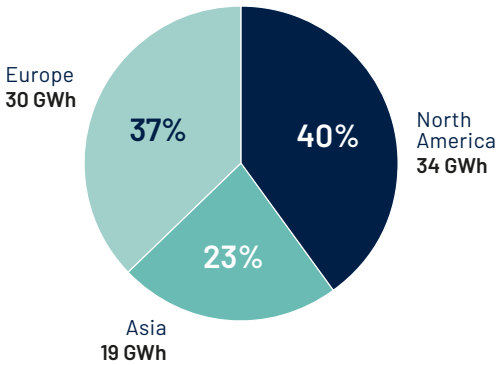
Our manufacturing facilities' indirect energy consumption has decreased from 61 GWh in 2019 to 56 GWh in 2020, mainly due to the divestiture of our break control business. Tech centers consumed 14 GWh.

Each facility maintains a current record of reported data, including billing documents for self-assessment and auditing purposes.
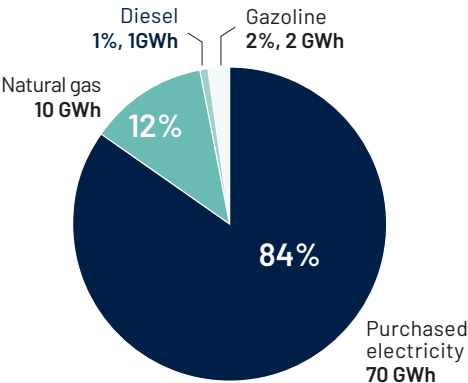
Energy

RI 302-1	Unit	2020	2019
Total energy used	GWh	83	74
Direct energy	GWh	13	13
Indirect energy	GWh	70	61
Direct Energy			
Natural Gas – Scope 1	GWh	10	13
Diesel mobile – Fleet consumption (scope 1)	GWh	1	-
Gazoline mobile – Fleet consumption (scope 1)	GWh	2	-
Indirect Energy			
Manufacturing facilities	GWh	56	61
Tech centers	GWh	14	-

Energy Use by Region 2020

North America 34 GWh — 40%
Asia 19 GWh — 23%
Europe 30 GWh — 37%

Share of Energy Use, by Source

Purchased electricity 70 GWh — 84%
Natural gas 10 GWh — 12%
Diesel 1%, 1GWh
Gazoline 2%, 2 GWh

Indirect Energy Consumption

Manufacturing facilities 56 GWh — 80%
Tech centers 14 GWh — 20%
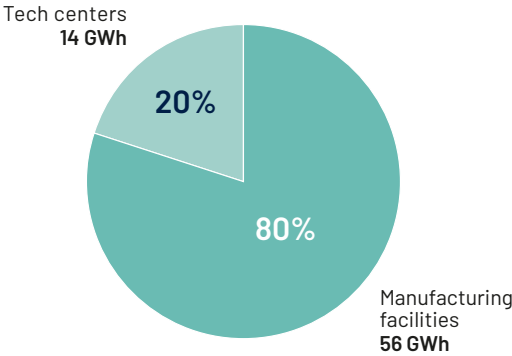
Greenhous Gas Emissions

Gases that trap heat in the atmosphere are called greenhouse gases, as they build up in the atmosphere and warm the climate. Carbon dioxide (CO_2) is one of them, influenced by human activities. We seek to reduce carbon emissions by addressing touchpoints along our value chain. Our ambition is to continue expanding our scope to get additional data.

Scope 1 and Scope 2 location-based carbon equivalent emissions from Veoneer's operations in 2020 totaled 22,981 tCO_2e (28,295 in 2019). Direct carbon emissions (Scope 1) totaled 3,526 tCO_2e (2,527), and Indirect carbon emissions (Scope 2) totaled 19,455 tCO_2e (25,767). The increase of direct carbon emissions (scope 1) reflects that we have started collecting data from our 22 tech centers.

Scope 1 emissions for Veoneer consist of fuel sources for heating, cooling and power production processes as well as vehicles and fugitive emissions. Fuel sources include natural gas, diesel and gasoline. Fugitive emissions include emissions from CO_2, and a very limited number of refrigerants and compressed gases.

Transportation

Huge amount of data is needed to create ADAS systems that can be trusted, and Veoneer vehicles are on the roads to capture and learn traffic signs, road markings etc. Veoneer has a fleet of test vehicles used for testing and demonstrating new products and features to potential customers. During 2020, Veoneer started collecting carbon emissions from its fleet (demo cars and test cars Veoneer's fleet emitted 732 metric tons CO_2 emissions (scope 1).

By using artificial intelligence, AI, all kind of scenarios can be tested learning the system recognize several dangerous situations, such as having a deer jumping out in front of the car or a child sitting in the middle of the road. Artificial intelligence allows for more sensors in data sets and, through the use of synthetic data we reduce costs, while making the systems more robust. In the future, the use of artificial intelligence is also expected to replace some of the test driving.

When transporting goods, Veoneer has the ambition to prioritize transports with less environmental impacts. Smaller products and smart packaging deliver carbon savings.

Business Travels

Carbon emissions from business travel by air has been collected for the years 2020 and 2019. Carbon emissions from business travel amounted to 3,160 tCO_2 in 2020 (20,084 in 2019). The sharp decrease is a result of the travel restrictions which followed upon the Corona pandemic. Meetings have turned digital, and augmented reality have become an important tool for our manufacturing facilities. We expect business travels to be limited also in the future, saving time, money and carbon emissions.
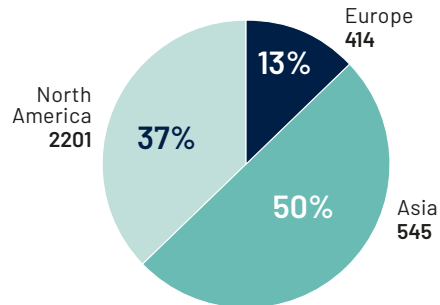
CO_2 Emissions

GRI – 305	Unit	2020	2019
305-1 Direct CO_2 emissions (Scope 1)	tCO_2e	3,526	2,527
305-2 Indirect CO_2 emissions (Scope 2)	tCO_2e	19,455	25,767
305-2 CO_2 emissions (Scope 1+2)	tCO_2e	22,981	28,295
305-3 CO_2 emissions from business travel	tCO_2	3,160	20,084
305-4 CO_2 emissions intensity (Scope 1+2)	Net Sales (MUSD)	16.75	-

Challenging Times Require New Solutions

With strict travel restrictions, Veoneer started thinking in a new way. Factory acceptance tests, when Veoneer's engineer is at the equipment supplier, and site acceptance tests, when the equipment supplier is at Veoneer's manufacturing sites, are two collaborations that became close to impossible due to the pandemic.

Challenging times require new solutions and Veoneer's manufacturing facilities installed augmented reality (AR) to overcome these difficulties. As an example, AR was used when a new line in the clean room in the Vårgårda facility was being installed during spring 2020.

CO_2 Emissions in Tons by Region, Scope 1 and 2

Europe 3019 — 13%
Asia 11445 — 50%
North America 8517 — 37%
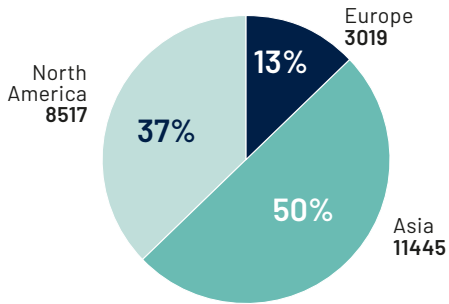
CO_2 Emissions from Business Travel by Region in Tons, Scope 3

Europe 414 — 13%
Asia 545 — 50%
North America 2201 — 37%

Water

Water should always be handled with care. Veoneer's manufacturing mainly consists of assembly of electronic components and water is not used in the production process, except for the manufacturing of brakes in the U.S.

Veoneer's manufacturing facilities are located in countries where water scarcity, according to World Resources Institute/Aqueduct, is considered medium-high (China and France), low-medium (the U.S) and low (Canada and Sweden). The water that is being used in Veoneer's facilities is mainly used for cooling, humidity management, sanitary of factories or in canteen.

GRI 303-3	Unit	2020	2019
Total water consumed	Megaliters	51.4	186 [1]
Purchased water	%	100	100

1)Brake control business included

To guarantee the quality excellence level required by our customers, our products are tested under extreme temperatures, in climate chambers, where water is used for cooling.

We pay attention to water consumption at all of our sites, water cooling is optimized thanks to a main refrigerant group.

The different climate chambers don't need to cool themselves as they are part of a mutual cooling-loop, which allows for energy savings.

To cool down climate chambers' temperature, our laboratory in Cergy, France, uses autonomous cold-water network. The water used is in a closed-loop system, reducing water consumption and waste.

Waste

We continuously seek to reduce the amount of waste and scrap generated by our operations. It starts in the design phase, and we continue with this strong mind-set in operations and during transportation. Veoneer's activities generated a total of 2,833 metric tons of waste (3,969 in 2019). The decrease is mainly a result of the divestiture of the majority of our brake control business. Most of the waste is recycled, reused or recovered as recycling opportunities always are considered before landfill as a final option. Non-hazardous waste amounted to 91%. Non-hazardous recycled waste amounted close to 66%, non-hazardous non-recycled waste amounted to 25%, hazardous recycled waste 4% and hazardous non-recycled waste 5%.

Veoneer complies with global regulations on hazardous waste and, where conflicting policies exist, our practice is to follow the stricter of the regulations.

To minimize waste and number of transports, packaging must be designed and used with respect to maximize the number of parts per box, using stackable pallets, minimize usage of bubble foil or material wrapping, recycle to manage waste (cardboard boxes, bubble foil, and wrapping), as well as making sure returnable package is foldable, stackable, or can be "nested" in order to reduce transport space requirements.

Veoneer's manufacturing facilities work closely with suppliers to establish, when possible, a closed loop-system of returnable packaging. As an example, the manufacturing facility in France has been working closely with a near-by supplier of two distinct types of plastic boxes. The close-loop of returnable packaging was established in 2014/15 and has been working very well since.

Significant Spills and Fines

There were no environmental incidents resulting from major permit violations or spills.
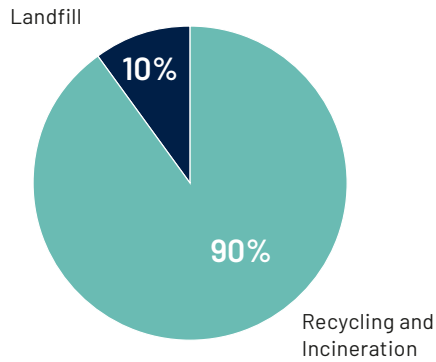
Waste

GRI 306-2	Unit	2020 [1]	2019 [2]
Total waste	Metric Tons	2,833	3,969
Hazardous waste	Metric Tons	261	347
Recycling [3]	Metric Tons	118	-
Landfill [3]	Metric Tons	0,1	-
Incineration [3]	Metric Tons	143	-
Non-Hazardous waste	Metric Tons	2,572	3,621
Recycling [3]	Metric Tons	1,862	-
Landfill [3]	Metric Tons	272	-
Incineration [3]	Metric Tons	437	-

1) Not included: Tech centers and two leased manufacturing plants, as one became a leased facility during the year
2) Not included: Tech centers and one leased manufacturing plant
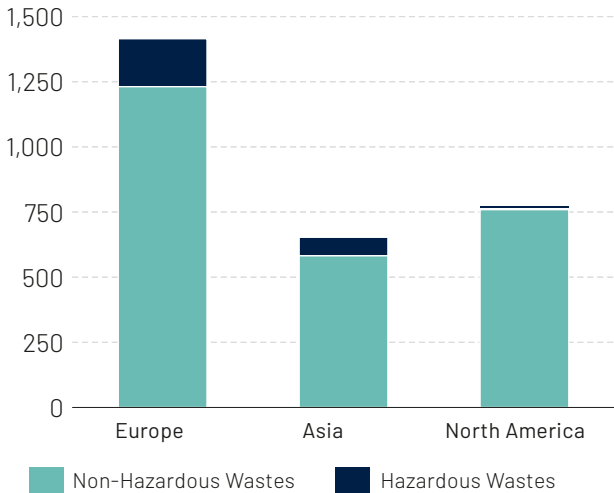3) New categories created in 2020 to improve data quality

GRI 306-3	Unit	2020	2019
Significant spills [4]	No	0	0

4) Spills that incur clean-up costs above $5K USD.

GRI 307-1	Unit	2020	2019
Environmental fines	No	0	0

International declarations, conventions, and treaties, as well as national, sub-national, regional, and local regulations. Include non-compliances related to spills that exceed $10,000 USD.

Share of Waste by Type

Landfill 10%
Recycling and Incineration 90%

Waste by Region

Non-Hazardous Wastes
Hazardous Wastes

Towards a Zero Landfill World – France

One of Veoneer France's sustainable development goals is zero landfill waste. The sites in France have implemented three key steps to achieve this:

1. **Daily investigation for a recycling solution** for our miscellaneous waste, where recycling solutions have not been found. This kind of waste is incinerated to become energy. Use of the suggestion system by staff to alert, awareness by posting and internal communication "The Health Safety Environment letter" and exchanges with external companies for exchange of ideas,

2. **Specifications for waste streams:** This includes technical, administrative and regulatory requirements. A quotation is carried out with a minimum of 80% positive responses to set up a partnership. The objective is to increase our percentage of recycled waste, with a "zero landfill" policy. Following the process of continuous improvements, a review of the activity of the past year is carried out, including a CAP (Corrective Action Plan) on the requirements not considered by the sector.

3. **Audit:** The HSE (health, safety and environment) unit performs an audit on the site of the sector: activity review, environment/safety performance, open points, feedback and visit to their production lines to observe the treatment process of our waste. HSE have quarterly meeting, including HSE representatives located on lines / services for action.

One of the successful challenges in recent years is the **recycling of electronical control units (ECU)**, which according to the Environmental regulation, is WEEE (Waste Electronic and Electrical Equipment). The treatment consists of a first separation of metals, grinding, sorting and separation according to the nature of our products. Thermal and chemical refining is carried out to produce a metal that can be used in industries (> 99.9% purity). These will be resold to live a second life.

Sorting waste is the environmental mission of each employee in their daily activity, in a team spirit. As of now, VEONEER France is moving towards a solution to reduce its waste. The best waste is the one that is not produced!

Towards a Zero Landfill World – Sweden

Veoneer Sweden production generates zero landfill waste. The aim is to contribute to a circular economy and consider what previous was waste as a part in the next step of the loop, and be recycled or used again.

We use specifications for waste streams, this includes technical, administrative and regulatory requirements. A quotation is carried and a partnership with a waste management company is established to be able to recycle the waste in the most utterly way.

Daily monitoring of waste sorting is made, and any observed failure will be reported in incident reporting system to result in immediate action. A review of the waste is carried out each month together with the waste management company, with following improvement actions. Analysis is also made on a yearly basis and a topic on the annual Management review.

The objective is to achieve recycling of all waste fractions, at the very lowest energy-recycling by incineration with a "zero landfill" policy.

Making a Difference Globally and Locally

Veoneer makes a difference. Our products and solutions are developed to prevent traffic incidents from happening and mitigating the effect when accidents are unavoidable. Through our business and engaged employees, we also make a difference in the communities where we have a presence.

Veoneer has 7,543 associates in 11 countries and the economic value created benefits a number of stakeholders; employees and their families in the form of wages and other benefits, suppliers in the form of payments for delivered goods and services, trade partners and end-customers in the form of high-quality products, society (state and municipalities) in the form of tax payments and, in the future, shareholders in the form of dividends. RD&E expenses in 2020 totaled 407 MUSD (562 MUSD in 2019). Veoneer's total Economic Value generated and distributed (EVGD) in 2020 amounted to 3,492 MUSD (4,395 MUSD in 2019). In 2020, Veoneer paid approximately 21 MUSD (18 MUSD in 2019) to governments in taxes globally.

When setting up a facility, Veoneer creates benefits such as new jobs, technology and knowledge transfer, as well as improved social and environmental standards in local communities. When relocating or closing operations, Veoneer strives to handle such organizational changes responsibly.

The providers of capital, that is shareholders and credit institutions, provide funds to finance the asset base used to create economic value. In turn, these stakeholders receive interest and, in the future, dividents. Costs for the provision of capital amounted to 18 MUSD (10 MUSD in 2019) .

Membership of Associations

Veoneer is member of a number of automotive industry associations aiming at improving safe mobility.

Veoneer is member of the *Advanced Vehicle Technology Consortium, AVT*, with the goal of achieving a data-driven understanding of how drivers engage with and leverage vehicle automation, driver assistance technologies, and the range of in-vehicle and portable technologies for connectivity and infotainment appearing in modern vehicles.

Veoneer plays an active role in the *Autonomous Vehicle Computing Consortium (AVCC)*, a global consortium driving industry consensus for automated and assisted driving computing. Members are leading OEMs, Tier 1 suppliers and semiconductor companies working together to identify relevant requirements and influence industry standards to resolve complex challenges of developing and deploying safe and robust automated driving technologies while keeping R&D costs in line. At the end of 2020, Veoneer's Giuseppe Rosso became Chairman of the consortium.

Veoneer is one of six founders of *MobilityXlab*, offering companies with pioneering ideas within mobility and connectivity the opportunity to accelerate with through strategic partnerships with the founding companies.

Veoneer is also member of *CLEPA* – the European association of automotive suppliers, the Automotive Safety Council, *SAFER* Vehicle and Traffic Safety Centre, as well as the *Wallenberg AI Autonomous Systems and Software Program.*

Giving Back to Society

As a leader in the autotech industry, we encourage our specialists to share knowledge with other researchers and the public to benefit society.

During 2020, speakers from Veoneer participated at:

- CES 2020 Research Summit "Collaborative Driving and the Future of Trust in Mobility",
- CES "Partnerships Drive Innovation for Autonomous Vehicles",
- WASP4ALL 2020 – Virtual Worlds for Artificial Intelligence, arranged by Wallenberg AI Autonomous Systems and Software Program,
- Participating and presenting in the Swedish network for vision zero (zero fatalities in traffic), Gruppen för Nollvisionen i Samverkan (GNS) with authorities, universities and industry,
- Key contributor to the SAFER event on the UN Conference on Road Safety in Stockholm where we showed the LIV-concept,
- Various presentations & publications within the scientific community

Sharing is Caring

This year, like no other, has taught us about social cohesion and thinking about others. Veoneer encourages and supports local CSR initiatives. In India, education, poverty and hunger are CSR focus areas for our local operations. During the pandemic, Veoneer India decided to support the needy, such as daily wage workers and people from urban slums, in defending hunger by distributing food on eight locations.

At the end of the year, several facilities in Canada, Germany, Sweden and the US helped making Christmas a little brighter for kids and families in need in the local societies.

UN Road Safety Collaboration

The 2030 Agenda for Sustainable Development recognizes that road safety is a prerequisite to ensuring healthy lives, promoting well-being and making cities inclusive, safe, resilient and sustainable.

In Febrauary 2020, the 3rd Global Ministerial Conference on Road Safety convened in Stockholm, Sweden. The meeting culminated in calling for a new global target to reduce road traffic deaths and injuries by 50% by 2030.

Veoneer was a key contributor to the SAFER event on the UN Conference on Road Safety in Stockholm where we showed the LIV-concept, our research vehicle. The vehicle was also shown in real-life traffic situations.

The new goal to reduce road traffic deaths follows upon the Decade of Action for Road Safety 2011–2020, officially proclaimed by the UN General Assembly in 2010. The ambition was to save millions of lives by building road safety management capacity; improving the safety of road infrastructure; further developing the safety of vehicles; enhancing the behavior of road users; and improving post-crash response. Road safety education is vital when kids grow up and, as part of the Decade of Action, China Automotive Technology and Research Center Co., Ltd. (CATARC) launched a charity program traveling through China. Veoneer participated by donating educational materials, new books on science and technology, equipment for scientific experiments and sporting goods to the schools. At the end of 2020, Veoneer China had the honor to be awarded partner of the 2020 UN Decade of Action for Road Safety.

We Live by the Highest Ethical Standards

Veoneer has a strong commitment to customer service, product quality, employee development, and shareholder value. Key to our performance in these areas is an equally strong commitment to doing business ethically and with integrity through maintaining and fostering a culture of fairness and equity, where all of us act with the highest ethics and integrity, where unethical conduct is not tolerated, and where everyone feels empowered to speak up and raise concerns.

Code of Ethics

Veoneer's purpose is to Create Trust in Mobility and our strategy is to deliver innovative solutions customers and end-users can trust. Trust is built through flawless deliver, customer-centric collaboration and human-centric innovation.

Internally, our purpose is supported by our beliefs – Burning Curiosity, Passion for Excellence, and Bold Honesty – combined with a strong ethical culture.

Our ethical culture starts with our Code of Ethics and its supporting policies and procedures, continuous ethics and compliance communication and education, combined with a transparent grievance mechanism. Veoneer's Code of Ethics, published in 8 languages and available to all employees, consultants and contractors, defines the principles and standards that guide our day-to-day decisions to ensure we act with the highest ethics.

Our Code of Ethics is a guide to support us in performing our work in an ethical and lawful manner throughout the world. It describes the principles of integrity that have defined our business and are critical to Veoneer's culture. In addition, the Code provides helpful guidance and practical examples related to our daily challenges.

Detailed policies and procedures support our Code of Ethics and provide further expectations for our operations and includes:

- Standards of Business Conduct and Ethics – Guidelines
- Corporate Governance Guidelines
- Code of Conduct and Ethics for Senior Officers of Veoneer, Inc.
- Code of Conduct and Ethics for Directors of Veoneer Inc.
- Related Party Transaction Policy
- Anti-corruption and Anti-bribery Policy
- Antitrust and Competition Policy
- Respect in the Workplace Policy (non-harassment, non-discrimination and equal opportunities)
- Conflicts of Interest Policy
- Legal Matters – Investigations Policy
- Non-retalliation Policy

Veoneer Code of Ethics and detailed policies are available to all employees either on hard copy or electronically on Veoneer intranet.

Business Partner Code of Ethics

Our Business Partner Code of Ethics is based on the pillars and frameworks of the Code of Ethics, but is adapted to external partners. The Code includes principles that apply globally to suppliers, business partners and other stakeholders such as third parties acting on behalf of Veoneer and they are all required to comply with it.

Veoneer's Partner Portal (VPP) is a secure entry point for third-party suppliers and potential partners to access Veoneer web-based applications and shared documents as well as to enable self-service administration of supplier master data. The VPP hosts the Veoneer Supplier Manual, renewed in 2019, comprising information on Veoneer requirements, reference to Supplier Code of Conduct and a training program in business conduct and ethics for suppliers.

Compliance Program

A key message in Veoneer's compliance program is that compliance builds trust. We build trust through our choices and decisions - always taken with the highest level of ethics. What we say, how we act, the decisions we make, the business partners we work with, all impact our trust since "How we do business is as important as the business we do".

The Board of Directors has the ultimate responsibility of overseeing Veoneer's Compliance Program through annual reviews of compliance reports.

Risk Assessment

Veoneer's Compliance Program is designed on a risk-based approach, therefore to understand Veoneer Compliance risk exposure and prioritize objectives and ensure the Compliance Program appropriately addresses issues with significant risk, annual risk assessments are conducted.

To identify, assess, and define its risk profile, the Compliance department perform the risk assessment utilizing Veoneer's Risk universe, data from the Veoneer Helpline, receives input from Business Management, Legal, Internal Audit and other relevant functions, among other factors including the locations of its operations, the industry sector, the competitiveness of the market, and the regulatory landscape. The input is gathered via risk questionnaires and/or interviews.

The risk assessment supports building Veoneer Compliance Program through its strategies

- Policy development, review and implementation throughout the organization
- Communication with the organization on Compliance topics
- Education and training
- Monitoring and enforcement
- Test Effectiveness of the Compliance Program

To ensure that all Veoneer employees at all times know how to act when facing an ethical dilemma.
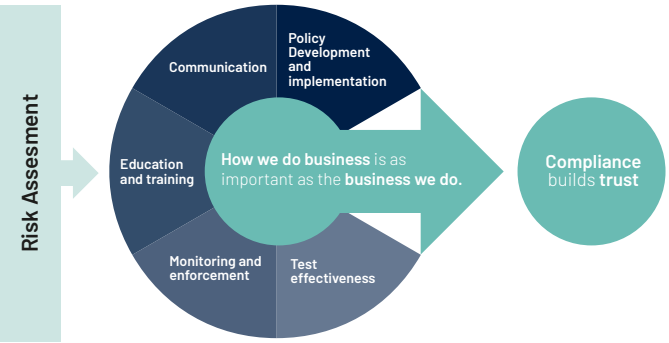
Yearly, all employees at the managerial level and higher submit Code of Ethics certifications electronically in our compliance system. The certification requires the disclosure of known violations of the Standards of Business Conduct and Ethics, including our anti-corruption, anti-bribery, and antitrust and competition policy, as well as other matters that may give rise to actual or apparent compliance concerns. During 2020, 100% of the targeted employees sent in their certification.

We also require a Conflict of Interest disclosure to be submitted by targeted individuals and anyone with an actual, potential or apparent conflict of interest, so that each case can be assessed to determine if mitigation or remediation is necessary. We achieved a 98% (92% achieved for 2019) submission rate for the Conflict of Interest disclosure.

Our Targets

100% Annual Code of Ethics Certification* Continuous Our achievement **100%**	**100%** Anti-Corruption Training* Continuous Our achievement **100%**	**100%** Anti-Trust Training* Continuous Our achievement **100%**
100% Conflict of Interest Disclosure* Continuous Our achievement **92%**	**100%** Compliance Training Performance* Continuous Our achievement **100%**	

*Completion rate measured from the annual target group

An important part of our Compliance Program is communication and education, to support employees in understanding company expectations and policies related to the Code of Ethics and other related company policies. Our ambition is to provide a continuing communication channel for compliance matters, to deliver compliance messages to employees, to train and educate employees in their compliance responsibilities, and to support the Code of Ethics and our Compliance Program.

We have established a Business Conduct and Ethics Education plan, which includes both classroom trainings and e-learning. Examples of areas covered include Code of Conduct training, conflicts of interest, whistle-blowing, records retention, and Intellectual Property and Confidentiality. We reached 100% completion of Code of Conduct and Compliance trainings for all employees in this year's target group.

	% completed of the target group	Number of employees trained 2020	Number of employees trained 2019
Code of Conduct eLearning	100%	1,056	2,475
Whistleblowing	100%	1,024	2,316
Conflict of Interest	100%	1,551	4,048
Records Retention	100%	1,629	4,134
Intellectual Property and Confidentiality	100%	2,205	–

Anti-Corruption and Competitive Behavior

At Veoneer, we gain trust and respect of our customers by creating world-class ecosystem and partnerships, being open and committed to acting honestly and in compliance with antitrust and fair competition laws and regulations. We have implemented high standards in all business transactions. It is our responsibility as a company, and as individuals representing the Company, to prevent corruption in all its forms. Our Company values ethical business practices and the law and we do not accept or offer any form of bribery.

Every other year, we enroll all employees in targeted groups, such as management and sales and purchasing, in a business conduct and ethics education e-learning courses on anti-corruption and antitrust. Periodically, we also conduct face-to-face trainings to enhance the employees' understanding of compliance with our Anti-corruption and Anti-bribery and Antitrust and policies.

	% completed of the target group	Number of employees trained 2020	Number of employees trained 2019
Anti-corruption	100%	2,161	3,253
Antitrust	100%	2,178	3,150

Helpline

We build trust through our choices and decisions, always taken with the highest level of ethics, by doing the right thing, acting with honesty and integrity at all times, and empowering employees to speak up when suspecting unethical behavior.

Veoneer employees are responsible for immediately reporting suspected or known violations of the Code of Ethics, the law or Veoneer policies to their manager or a member of management, Human Resources, the Legal and Compliance Department, or through the Veoneer Helpline.

The Veoneer Helpline is an ethics and compliance reporting line available to all employees since day 1 of the company. The Veoneer Helpline is a multilingual, third-party operated service where reports can be made confidentially, without fear of retaliation, 24 hours a day, seven days a week, by phone or online. This can be done anonymously where allowed by law and/ or confidentially in the language of any country where Veoneer operates.

We believe that reports, investigations, and constructive feedback play an important role in making our Company a great place to work. At Veoneer, we are committed to protecting individuals who make a report or participate in an investigation in good faith. "Good faith" means that when making a report or participating in an investigation, all the information is provided with honesty.

Retaliation, harassment, and reprisals of any kind are not tolerated at Veoneer. In addition, no employee will be adversely affected because they refused to carry out a directive they believe constitutes fraud or a violation of laws, regulations, or the Code of Ethics or any other Veoneer Standard.

The Veoneer Helpline received 68% of all incoming reports, that result in an investigation, while 32% of the reviewed cases in 2020 were submitted internally, for example reported to Management, Human Relations, or to the Legal and Compliance Department. A total of 57 Helpline reports were received in 2020, 8 Helpline more reports than in 2019 (VNBS excluded). The reporting volume per 100 employees in 2020 amounted to 0.80, which is an increase from 0.79 in 2019. This trend is attributable to growing awareness and confidence in the reporting tool.

What Should Be Reported?

Actual or potential violations of policies, laws and regulations, Veoneer Standards, or this Code that you believe have occurred or are about to occur should be reported immediately. Potential violations that should be reported include but are not limited to:

- Accounting or Auditing Irregularities or Misrepresentations
- Antitrust or Competition Violations
- Actual or Potential Conflicts of Interest
- Child or Forced Labor, Human Trafficking
- Corporate Opportunity to Advance Personal Gain
- Destruction of Property and Theft
- Improper Disclosure of Confidential Information
- Illegal substances
- Environment, Health, and Safety Concerns
- Falsification or Destruction of Information
- Inappropriate Gifts and Entertainment, Bribes, or Kickbacks
- Discriminating, Inappropriate, Abusive, or Harassing Behavior
- Inappropriate Use or Misuse of Company Resources
- Quality Concerns
- Retaliation
- Threats or Physical Violence
- Trading on Inside Information
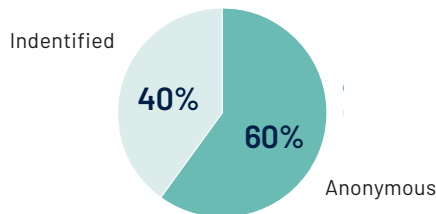- Unfair or Illegal Employment Practices
- Fraud or Embezzlement

2020 Distribution of Reports Between Helpline and Internal

Internal 32
Helpline 68
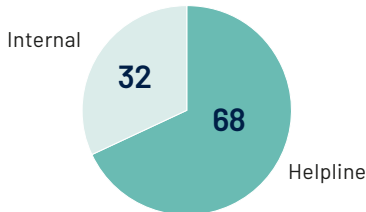
Veoneer Helpline - Regional Distribution of Reports Opened for Investigation 2020

Asia 18%
America 12%
Europe 70%
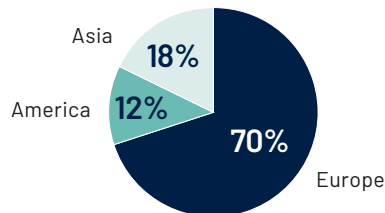
Anonymous vs Identified Whistleblowing Reports

Indentified 40%
Anonymous 60%

Risk and Opportunity Analysis

Our aim to keep a focus on the future and to prepare for the changing business landscape require us to mitigate potential risks and to leverage from opportunities.

Risk and opportunity analysis is conducted by multiple business functions of our organization to capture cross-functional insights to risk and opportunities. The intention is that these risks are fed into our sustainability agenda and work.

Risk Management

The Risk Management function is responsible to develop and support the enterprise risk management process. It includes to analyze and consolidate the key risks, and to report to the management (Executive Management and the Audit Committee). The Risk Management also monitors and assess risks to Veoneer property and risks to business interruptions in Operations and at Technical Competence Centers.

Finance

The Finance function manage the enterprise risk management process across the Business Units, Operations, Technical Competence Centers and for the Technology and Product function. Finance also support the regular risk and opportunity assessments related to business plans and the business performance discussions.

Internal Audit

The Internal Audit function evaluates and improves governance, internal control and risk management processes. Internal Audit coordinates the Fraud risk assessment on regular basis and drives improvements to these risks. The audit work and the fraud risk assessment work is reported to the management (Executive Management and the Audit Committee).

Communications

Communications manage the sustainability forum and coordinates ESG (Environmental, Social, Governance) risks.

Compliance

The compliance function makes compliance risk assessments. Monitors and handles compliance matters from our organization and stakeholders, and reports on a regular basis to the management (Executive Management and the Audit Committee).

Other Functions

Other functions conduct risks assessments and/or opportunity analysis for;

- IT
- Purchasing
- HR
- Legal
- Operational EHS (Environmental, Health and Safety)
- R&D and new product development

Governance Around Risk

The board of directors are ultimately responsible for the governance of Internal Control, Risk and Compliance. Veoneer Executive Management Team ensures there is an efficient process in place to identity and manage risks. To assess and manage risks is a responsibility which follows the management structure at Veoneer and the corporate standard for enterprise risk management supports to take this responsibility.

Part of the board's requirement are clear and transparent information on risks to Veoneer, and the key risks as well as mitigating actions and controls are reported regularly. The executive management team reviews and discuss the overall risk status at least once a year. In addition, the team also discuss risk and opportunities from a near-time perspective, but which are far more frequent discussions and related to business plan reviews.

The risk management program which is implemented at Veoneer helps to take an enterprise approach on risk to clarify the key risks that may hinder us to successfully deliver on business plan targets. Applying the risk methodology assist to provide a view on key risks and aim to provide a financial figure on risk enabling the risk status to be compared to the financial gain of the business. Our risk assessment efforts support the identification of effective mitigating actions which increase the likelihood to meet set targets.

Enterprise Risk Management (ERM) at Veoneer;

- To enable management of risks that affect the achievement of set objectives.
- To quantify risks enabling comparison to the financial gain from the business.
- To help identify mitigating actions to drive execution and results.
- Supports to foster a sound culture of risk-awareness.
- Encourage that risks bubble up from staff to management.
- Aim that all employees in their actions escalate risks to senior management if they believe that a risk is not adequately managed.
- A responsibility which follows the management structure of Veoneer.

A detailed description of Veoneer's material operational, strategic and financial risks and opportunities, including sustainability-related topics, can be found in our Annual Report on Form 10-K pages 15-32, filed with SEC.

Stakeholder Engagement and Materiality Analysis

Engagement with a wide variety of stakeholders helps us be aware of societal expectations on the company.

Stakeholder engagement also provides the basis for our materiality analysis, which provides a clear understanding of which sustainability topics are the most significant to Veoneer and our stakeholders.

Stakeholder Engagement
Our main stakeholder groups are those with a high level of influence and interaction, and with whom we interact directly and actively in our day-to-day business:

Customers are becoming increasingly interested in transparency and products with improved sustainability performance, both social (saving lives) and environmental. The major focus area is increased ability to save lives in traffic. We respond to this interest by engaging and collaborating with customers in product innovation and at relevant conferences and events, as well as through our memberships in organizations focused on traffic safety. Another area that has emerged is energy efficiency of our products and our own operations.

Environmental and social supply chain transparency typically relates to where and how our products are manufactured, along with details of the materials contained in products, and is addressed by the company's work with our supply chain.

Investors and shareholders have become increasingly interested in sustainability issues in recent years. We engage with investors and shareholders in one-to-one meetings. These include market demand and profitability, energy consumption and CO2 emissions, health and safety, Code of Ethics compliance, and supply chain management.

Employees are engaged through annual appraisals, training and development initiatives, staff meetings, and the intranet. We work to improve employee satisfaction across a broad range of areas.

Supplier and business partner issues are managed through our supply chain audits and Business Partner Code of Conduct compliance.

Governmental and legal organizations have strong interest in improving traffic safety and limiting air emissions, and we participate with our research in various ways.

Local communities and non-governmental organizations (NGOs) are engaged through local dialogues when relevant.

Materiality Analysis
Veoneer's sustainability approach is guided by a materiality assessment conducted as part of Autoliv and first reviewed in 2018. It is based on a review of global challenges, the automotive industry's challenges, competitor analyses, input from customers, investors and other external and internal stakeholders. This assessment has helped us identify the sustainability areas where we can make the greatest difference.

During 2020/2021, Veoneer's Sustainability Forum, with members from all parts of our organization and with close cooperation with various stakeholder groups, are reviewing the materiality analysis by analyzing relevant topics impacting Veoneer's stakeholders and the company's ability to create lasting value. Materiality is the point at which a sustainability topic becomes relevant in these contexts.

Committed to Transparency
Veoneer is fairly young as a stand-alone company, and we will continue to integrate sustainability deeper into the business, strengthening our sustainability efforts and make improvements by identifying more targets and KPIs to strengthen our processes.

Although we did not fully achieve all of our targets, we are proud of the important progress we have made this year and the valuable learnings we have gained to develop our future strategies.

Veoneer's Sustainability Program
Since its inception the Sustainability program has had four clear focus areas: our people, our customers, our business partners and the environment. During 2020, we added climate as a specific focus area. We have identified gaps, baseline metrics and defined ways to measuring our progress to move our priorities further.

Veoneer Sustainability Program
Focus Areas 2020–2021

Focus Area	Customers	People	Business Partners	Environment
Material Topics	Innovation Product safety Cyber security	Recruitment and engaged workforce Health&well-being Labor rights	Supply chain Ethical behavior in business interactions	Carbon emissions Environmental performance of Veoneer operations Material & product design
Highlights	Lifetime value of new order intake for 2020 is estimated to approx $2.6 billion Agreement signed with Qualcomm Technologies, Inc. to collaborate on the delivery of scalable ADAS, Collaborative and AD solutions. The platform integrates Veoneer's next-generation perception and driving policy software stack and Qualcomm® Snapdragon Ride™ ADAS/AD scalable portfolio of System on a Chip (SoC) and Accelerators. Several customers' vehicles received 5 starts in Euro NCAP.	Employees feel their manager cares about their wellbeing Creation of new performance dialog tool Update of Safety and Wellness policy, approved Feb 2021	Many industries face serious challenges for supply of electronic components. Relatively speaking, we have managed this situation well, but expect the tightness in supply to affect the global light vehicle production during the first half of 2021. 30 social audits despite pandemic	Environmental policy update, approved January 2021 Target set for carbon emissions from own manufacturing (scope 1 and 2) Expanded our reporting boundaries to cover manufacturing facilities, tech centers and head office. Data collected for fleet and business travels by air (2019 and 2020)
Next steps	Launch of new software brand Arriver™	Launch of new performance dialog process and tool Cascade Safety and Wellness policy Assess recruitment process from a diversity perspective	Renew training material Launch new awareness campaign	Expand data collection Use market-based data for electricity
We have the greatest opportunity to contribute to the following Sustainable Development Goals				

Reporting Principles

We work continuously to improve reporting transparency, scope and quality of data.
We have applied the Global Reporting Initiative (GRI) sustainability reporting guidelines as a guide in the production of this report. The GRI Index leads readers to information on relevant indicators, as defined by the GRI standards.

This is Veoneer's second sustainability report. It covers the calendar year 2020 and outlines why sustainability is relevant to our business, our priorities and our approach to managing them.

Veoneer has also adapted the company's reporting in accordance with the recommendations in the TCFD framework to describe how we work strategically with climate-related risks and opportunities.

Reporting Units
Data encompasses 6 manufacturing facilities Canada, China, France Sweden, and USA, and 22 tech centers in 11 countries. Unless otherwise stated, environmental data is collected for the entire company, both manufacturing facilities and tech centers. Social data, including health and wellness reflect all employees working in the manufacturing facilities, employees in tech centers and most supporting operations.

The Sustainability report covers Veoneer's fully-owned business, including majority owned joint ventures where Veoneer owns 51 percent or more of the capital.

Changes in Reporting Management
During the year, we have expanded the boundaries of our reporting to encompass tech centers, test cars and business travels for 2019 and 2020. We have also improved the internal data quality assurance processes, which has resulted in restatements of previously reported data for 2019.

Veoneer divested its brake business during 2020, the Japanese and Chinese operations on February 3, and most parts of the US business on August 11.

Veoneer has also strengthened its internal sustainability reporting process and analysis capabilities during the year.

Calculation Principles
The reported number of associates at the end of the year 2020 includes employees with a continuous employment agreement, recalculated to full time equivalent heads, plus temporary hourly personnel.

Veoneer uses the Greenhouse Gas Protocol, building on a 20-year partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), principle for calculating *carbon emissions.* That means that data from reporting facilities is converted, using standardized generic conversion factors based on the IPCC Guidelines for National Greenhouse Gas Inventories, into metric units of measure where needed. The selected method gives a more relevant calculation on the actual carbon emissions as it takes into account how electricity is generated in different countries.

Electricity emission factors are based on the most recent data published by the International Energy Agency (IEA) and the International Panel on Climate Change (IPCC), and are expressed in CO_2 equivalents CO_2e), integrated CO_2, CH_4 and N_2O. We currently only report location-based Scope 2 emissions due to the unavailability of market based data.

Energy has, for 2020, been reported for 4 manufacturing facilities and as energy is part of the leasing of the building, estimated for 2 manufacturing facilities.

Water is reported in total cubic meters abstracted. Where needed, standardized generic conversion factors are used to convert water use from liters, US gallons into cubic meters. Water has been reported for 3 manufacturing facilities and, as water is part of the leasing of the buildings, estimated for 3 manufacturing facilities.

Waste is reported in metric tons. Data come from our providers. We work upstream on the choice of destination for all different materials. The 2020 data represents waste reported from all manufacturing facilities except one.

Data Collection
Reported facts and figures in the sustainability report have been verified in accordance with Veoneer's procedures for internal control. Reported values are normally not corrected retroactively. When a restatement of historically reported numbers is made, this can be due to a change of calculation method or scope. Responsibility for reporting rests with the manager of each site. Data verification is performed at each level before submitting to external auditors for verification.

Assurance
The 2020 Sustainability Report has been assured by Veoneer Internal Audit, but Veoneer has not sought external assurance by a third-party assurance provider.

Communication
Internally, intranet is an important tool for communication. Externally, the website and the annual Sustainability Report communicate to a wider audience. Our sustainability approach is also presented to external audiences, such as analysts and investors.

The sustainability report is published in February 2021, the same day as the Annual Report and the Form 10-K is filed with the SEC. More information about our business, business model, and a thorough risk analysis and financial performance is provided in our 2020 Annual Report on Form 10-K and in the Proxy statement, filed with the SEC.

The next sustainability report is expected to be published in February 2022.

Available Information
We file or furnish with the SEC periodic reports and amendments thereto, which include annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information. Such reports, amendments, proxy statements and other information are made available free of charge on our corporate website at www.veoneer.com and are available as soon as reasonably practicable after they are electronically filed with the SEC.

For More Information, Contact:
Cathrine Stjärnekull
Communications Director
cathrine.stjarnekull@veoneer.com

GRI Index

The table below indicates where information can be found in the Sustainability Report (unless otherwise stated), Additional information can also be found in the Annual Wrap (AW) , the Annual Report on Form 10-K (AR) and in the Proxy Statement filed with the SEC. All documents are also available on www.veoneer.com

General Disclosures

GRI Reference		Page/Reference
	Organizational profile	
102-1	Name of the organization	p 3
102-2	Activities, brands, products, and services	p 3-11
102-3	Location of headquarters	p 3
102-4	Location of operations	p 3
102-5	Ownership and legal form	p 3
102-6	Markets served	p 3, AW p 11-12, AR p 5-8
102-7	Scale of the organization	p 3, 11, 16-19, AW p 11-12
102-8	Information on employees and other workers	p 3, 16-19
102-9	Supply chain	p 20-21
102-10	Significant changes to the organization and its supply chain	p 18, 36
102-11	Precautionary Principle or approach	p 22
102-12	External initiatives	p 29
102-13	Membership of associations	p 29
	Strategy	
102-14	Statement from senior decision-maker	p 5, AW p 4-5
	Ethics and integrity	
102-16	Values, principles, standards, and norms of behavior	p 18 , 30-32, 40
	Governance	
102-18	Governance Structure	p 4-5, AR, PS
	Stakeholder engagement	
102-40	List of stakeholder groups	p 34
102-41	Collective bargaining agreements	p 17, AR p 12
102-42	Identifying and selecting stakeholders	p 34
102-43	Approach to stakeholder engagement	p 34
102-44	Key topics and concerns raised	p 35
	Reporting practice	
102-45	Entities included in the consolidated financial statements	AR
102-46	Defining report content and topic Boundaries	p 36
102-47	List of material topics	p 35
102-48	Restatements of information	p 36
102-49	Changes in reporting	p 36
102-50	Reporting period	p 36
102-51	Date of most recent report	p 36
102-52	Reporting cycle	p 36
102-53	Contact point for questions regarding the report	p 36
102-54	Claims of reporting in accordance with the GRI Standards	p 36
102-55	GRI content index	p 37-38
102-56	External assurance	p 36

Topic Specific Disclosures

Economic		Page/Reference
GRI 201	**Economic Performance**	
103-1, 103-2, 103-3	Management approach	p 28, AW p 4-5
201-1	Direct economic value generated and distributed	p 28
GRI 205	**Anti-corruption**	
103-1, 103-2, 103-3	Management approach	p 32
205-2	Communication and training about anti-corruption policies and procedures	p 32
Environmental		
GRI 302	**Energy**	
103-1, 103-2, 103-3	Management approach	p 8-9, 10-11, 23,
302-1	Energy consumption within the organization	p 23
GRI 303	**Water**	
103-1, 103-2, 103-3	Management approach	p 25
303-3	Water withdrawal by source	p 25
GRI 305	**Emissions**	
103-1, 103-2, 103-3	Management approach	p 7, 8-9, 10-11, 28
305-1	Direct (Scope 1) GHG emissions	p 24
305-2	Energy indirect (Scope 2) GHG emissions	p 24
305-3	Other indirect greenhouse gas emissions (Scope 3)	p 24
305-4	CO_2 emissions intensity (Scope 1+2)	p 24
GRI 306	**Waste**	
103-1, 103-2, 103-3	Management approach	p 9, 26
306-2	Waste by type and disposal method	p 26
306-3	Significant spills	p 26
GRI 307	**Environmental Compliance**	
307-1	Non-compliance with environmental laws and regulations	p 26
Social Performance		
GRI 401	**Employment**	
103-1 , 103-2, 103-3	Management approach	
401-1	New employee hires and employee turnover	p 18-19
GRI 403	**Occupational health and safety**	
103-1, 103-2, 103-3	Management approach	p 16
403-2	Injuries and severities	p 19
GRI 404	**Training and education**	
103-1, 103-2, 103-3	Management approach	p 16-17
404-3	Percentage of employees receiving regular performance and career development reviews	p 19
GRI 405	**Diversity and equal opportunity**	
103-1, 103-2, 103-3	Management approach	p 18
405-1	Diversity of governance bodies and employees	p 18
GRI 414	**Supplier social assessment**	
103-1, 103-2, 103-3	Management approach	p 20
GRI 414-1	**Suppliers screened using social criteria**	p 20

Reporting according to the Task Force on Climate-related Financial Disclosures

For the first time, Veoneer has adapted the company's reporting in accordance with the recommendations in the TCFD framework to describe how we work strategically with climate-related risks and opportunities.

The table below describes the scope of the reporting and page references are made for the respective areas. In 2021, Veoneer will work further on scenario analyses linked to climate change.

Governance	Strategy	Risk Management	Indicators & Goals
Recommended disclosures	*Recommended disclosures*	*Recommended disclosures*	*Recommended disclosures*
The Board's monitoring of climate-related risks and opportunities p 4	Climate-related risks and opportunities the organization has identified p 8-9	The organization's processes for identifying climate-related risks p 8-9, 33	The organization's indicators for evaluating climate-related risks and opportunities p 20, 22-24
Management's role regarding assessing and managing climate-related risks and opportunities p 4, 7, 33	Impact from risks and opportunities on the organization's operation, strategy and financial planning p 7-9, 11-13, Annual Report on Form 10-K page 15-32	The organization's processes for managing climate-related risks p 8-9, 22-23	Emissions of scope 1,2 and 3 under the Greenhouse Gas protocol p 24
	Preparation of the organization's strategy in consideration of various climate-related scenarios p 8-9, 11, 22, Annual Report on Form 10-K page 15-32	Integration of the above processes in the organization's general risk management p 33, Risk section in Annual Report on Form 10-K, p15-32	Goals for managing climate-related risks and opportunities p 20, 22

Creating
Trust in
Mobility

OUR STRATEGY
Deliver Innovative Solutions You Can Trust

OUR CORE PILLARS
Flawless Delivery
Customer-Centric Collaboration
Human-Centric Innovation

OUR BELIEFS
Burning Curiosity
Passion for Excellence
Bold Honesty

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